Daily Report

Central Eurasia

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FBIS-SOV-95-102 *26 May 1995*

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ITAR-TASS Carries Press Review for 26 May

LD2605055095 Moscow ITAR-TASS in English 0535 GMT 26 May 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW May 26 (ITAR-TASS) — Moscow-based Russian newspapers lively comment on the forthcoming Commonwealth of Independent States (CIS) summit to be held in Minsk, the capital of Belarus, on Friday [26 May].

IZVESTIYA writes that "judging by the prepared documents and activity of the summiteers, the regular meeting of the Heads of State and Government in Minsk does not promise any vigorous headway towards the goal — to create an alliance after the pattern of the European Union". The causes of this are undestandable: the political and economic goals which CIS countries pursue still vary greatly, the newspaper points out.

KRASNAYA ZVEZDA (Red Star) is of the opinion that the CIS is again faced with a choice. The Defence Ministry newspaper examines why, despite numerous documents and agreements, CIS countries fail to secure progress in the re-integration process. The newspaper emphasises that the CIS summit will be keynoted by the recent referendum in Belarus whose people declared in favour of integration with Russia.

Will the CIS follow the path of Belarus or that of Ukraine whose leaders demonstrate a "tough approach" to re-integration within the CIS framework? the newspaper queries.

PRAVDA focuses attention on the fact that "for the first time in recent years, a guard of honour greets official guests under the red banner, for which the people of Belarus voted."

ROSSIISKIYE VESTI and ROSSIISKAYA GAZETA have limited themselves to a brief announcement about the CIS summit in Minsk. They frontpage (without comment — note by ITAR-TASS) Russian President Boris Yeltsin's interview with Russian television.

IZVESTIYA comments on the President's remark concerning "the elimination of the State border between Russia and Belarus". The newspaper touches upon "the economic consequences of this move", which, in the newspaper's view, are not of benefit to Russia.

"A gap in the stages of the economic reform between Russia, on the one hand, and Belarus and Kazakhstan, on the other, is obvious. And, as a conseqeunce, serious differences of economic legislation, which makes it practically unrealistic to merge the customs systems".

ROSSISKAYA GAZETA carries an interview with Mikhail Krasnov, Assistant to the President of the Russian Federation, about "two electoral blocs and their place in the political life of Russia".

Krasnov's opinion is that the establishment of two electoral blocs headed by Prime Minister Viktor Chernomyrdin and State Duma Speaker Ivan Rybkin has given rise to mixed reactions in society. Herein Krasnov sees a reassuring sign. "If the idea were not fruitful, the reaction would not have been so strong," he said.

ROSSIISKIE VESTI tries to "decipher" the term "Moscow group" which has introduced itself to the political lexicon and to the politicised public mind over the past year. The newspaper, which is close to Presidential circles, writes that the "Moscow group" is an informal association of dynamic experienced officials, new businesses and new democratic-minded managers, headed by Moscow Mayor Yuri Luzhkov. The role of this group in the politico-economic life of the capital of Russia is great, the newspaper states.

TRUD on latent unemployment in Russia.

The newspaper writes that latent unemployment disguises covert employment. "A quite low unemployment rate — two per cent in 1994 — is one of the characteristic signs of Russian reforms. According to estimates made in accordance with the methodology of the International Labour Organisation, unemployment affected six per cent of the economically-active population. National experts' estimates fluctuate within a rather wide range of 14 to 40 per cent".

The newspaper arrives at the following conclusion: the nature of latent unemployment is a form of covert employment, revealing the tip of the iceberg of a "hidden" and intensively developing economy.

Yeltsin Opens CIS Summit, Lukashenka Reads Agenda

LD2605083095 Moscow ITAR-TASS in English 0823 GMT 26 May 95

[By Andrey Serov and Andrey Shtorkh]

[FBIS Transcribed Text] MINSK, May 26 (ITAR-TASS) - A meeting of the CIS Council of Heads of State opened in the Belarusian capital today morning. It is being attended by all the leaders of the CIS nations, except for the presidents of Kazakhstan and Turkmenistan — Nursultan Nazarbayev and Saparmurat Niyazov.

Opening the meeting, Russian President Boris Yeltsin noted that it should get down to work without ado, because some participants "have urgent matters to deal

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with back home". Then he gave the floor to Belarus President Alyaksandr Lukashenka, who congratulated the Georgian delegation on the republic's Independence Day, which is being marked today, and read out the agenda of today's deliberations.

Further on Summit Agenda

LD2605093495 Moscow ITAR-TASS in English 0904 GMT 26 May 95

[By Andrey Serov and Andrey Shtorkh]

[FBIS Transcribed Text] MINSK, May 26 (ITAR-TASS) — A meeting of the CIS Council of Heads of State opened in the Belarusian capital today morning. It is being attended by all the leaders of the CIS nations, except for the presidents of Kazakhstan and Turkmenistan — Nursultan Nazarbayev and Saparmurad Niyazov.

Opening the meeting, Russian President Boris Yeltsin noted that it should get down to work without ado, because some participants "have urgent matters to deal with back home". Then he gave the floor to Belarus President Alyaksandr Lukashenka, who congratulated the Georgian delegation on the republic's Independence Day, which is being marked today, and read out the agenda of today's meeting. The items on today's agenda include the creation of an Inter-State Currency Committee, discussion of the Concept and Treaty on the joint protection of the CIS border, the extension of the mandate of the CIS Collective peace-keeping forces in Tajikistan and Abkhazia, etc. All in all, the meeting is to discuss ten items. In addition to the already listed ones, the Council will discuss also a Convention on the rights and basic human liberties, a Convention on the CIS Inter-Parliamentary Assembly, the problem of transporting special freight and military goods, a plan for implementing the Concept of collective security and the Principal directions for promoting military cooperation.

The CIS heads of government, who met today simutaneously with the heads of state are discussing mainly economic matters — the problem of settling interstate accounts linked with the 1992-1993 commercial-economic relations, an agreement on the construction of a joint automobile plant in Yelabuga, draft documents on cooperation in the use of natural gas in motor transportation and on interaction in the effort to ensure the safety of civilian air carriages.

The premiers are expected to approve the idea of setting up an Inter-State Centre for nuclear energy and mutual assistance in the liquidation of the consequences of radioactive contamination, and a Council for cultural cooperation. They are also discussing questions linked with interaction in the sphere of telecommunications, distribution of information, and struggle against organised crime.

The heads of state and government will hold a joint meeting in the afternoon. A press conference will be arranged to inform journalists about the results of their deliberations.

Georgia-Abkhazia Conflict Discussed

LD2505204395 Moscow ITAR-TASS World Service in Russian 1753 GMT 25 May 95

[By ITAR-TASS special correspondent Andrey Urban]

[FBIS Translated Text] Minsk, 25 May — The Georgian-Abkhaz conflict was the main topic discussed at the joint sitting of the Council of Foreign Ministers and the Council of Defense Ministers of the CIS member-states which opened today, Russian Foreign Minister Andrey Kozyrev told journalists. The meeting is being held behind closed doors at the CIS headquarters in the Belarussian capital.

According to the Russian foreign minister, the participants in the sitting are to discuss a package of questions which will be put forward for consideration at tomorrow's summit. Among other things, special attention will be given to carrying out peacekeeping operations in zones of inter-ethnic conflicts on CIS territory.

Andrey Kozyrev also intends to raise the question of the protection of the Russian-speaking population in the "near abroad" countries. "This issue is always on our agenda," he said.

Russia's Border Chief Calls For Unified Border Force

LD2505225595 Moscow ITAR-TASS World Service in Russian 1629 GMT 25 May 95

[By special ITAR-TASS correspondent Andrey Urban]

[FBIS Translated Text] Minsk, 25 May (ITAR-TASS) — The creation of a single system for defending the borders of the Commonwealth should become the next step after the signing of the Treaty on the joint guarding of the external borders of CIS: This opinion was voiced here today in an exclusive interview with the ITAR-TASS correspondent by director of Russia's Federal Border Service (FBS) Andrey Nikolayev.

Commenting on the results of the meeting of the council of commanders of border troops of the CIS countries which was held here today, he said that seven states of the Commonwealth had initialled the treaty on jointly guarding the external borders of CIS. So far Ukraine,

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Turkmenia, Azerbaijan, and Moldova are refusing to sign this document. The director of the FBS of the Russian Federation believes that for the creation of a single system for guarding the borders it is necessary to bring the legislations and normative documents of the Commonwealth countries as close as possible. This will make it possible to establish "a single border regime" on CIS territory. Unfortunately, normative acts on the basis of laws of various CIS states are not being harmonized and these states are establishing their own vision of the problem of collective security and guarding of borders, he remarked.

The border of the former USSR was a single border and the system of guarding it operated fairly smoothly, A.Nikolayev recalled. The issue of the shortage of skilled specialists for the border troops and the lack of a proper material and technical basis has now become acute. Special equipment, armaments and the system of training, instruction and indoctrination of key personnel for the border troops should be collective and in this context these difficulties will be overcome as the treaty is implemented.

It is necessary to harness customs structures, health inspection structures, and bodies and the bodies under whose jurisdiction the operational protection of the border comes, the Federal Security Service and the Internal Affairs Ministry, towards tackling questions concerning the protection of the Commonwealth's external borders. It is necessary to tackle the problems in question by the efforts of a united front of state structures of all Commonwealth states and interaction should be carried out not only at the highest state level but also at the departmental level.

Replying to a question of the ITAR-TASS correspondent regarding the prospects for the realization of the treaty, the director of the Russian Federal Border Service, stressed that a huge amount of work lies ahead. It was started at the bilateral level after the signing of the agreement between Russia and Belarus which had to all intents and purposes eliminated the border between the two states. "In other words, we have started tackling tasks regarding the building of a system of guarding borders from below and are now faced with the necessity of tackling it from above," he noted.

Touching on the most complicated aspects of the implementation of the treaty, A.Nikolayev pointed to the need to coordinate the positions of the CIS member countries with regard to powers near the border. Thus, Russia, Kazakhstan, Kyrgyzstan, and Uzbekistan have a common border with China and each republic has established its own relations with this country. He pointed out that, on the one hand, this is correct. However, on the other hand, it would be sensible to link up with one another the foreign policy lines of all CIS countries. Otherwise an imbalance will arise in building relations, meaning the border regime. Andrey Nikolayev said that the Baltic states, where the interests of both Russia and Belarus are intertwined, could serve as another example. That is why the ministries of foreign affairs and foreign economic relations should coordinate their policy of interrelations with the Baltic countries and other border powers.

As far as the states are concerned which will not sign the documents, I assume that they will have a sufficient "transition period" during which they will be able to finally determine their position on the issue concerned.

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Moscow Reacts to NATO Air Strikes in Bosnia
Ministry Urges 'Maximum Restraint'

LD2505191295 Moscow ITAR-TASS World Service in Russian 1842 GMT 25 May 95

[FBIS Translated Text] Moscow, 25 May, ITAR-TASS — This evening ITAR-TASS received the following statement by a spokesman for the Russian Ministry of Foreign Affairs:

"At the request of the UN troops command, NATO air forces carried out a bomb attack on Bosnian Serb military installations in the vicinity of Pale on 25 May. We are waiting for full and exhaustive information from Special Representative of the United Nations Secretary-General Yasushi Akashi and the UN Secretariat regarding the action that has been taken. The course of events in Bosnia over the past months and weeks requires urgent efforts toward political settlement, with maximum restraint in the use of force."

Yeltsin: Russia Warned Serbs

LD2605052695 Moscow ITAR-TASS World Service in Russian 0452 GMT 26 May 95

[By ITAR-TASS correspondent Gennadiy Yezhov]

[FBIS Translated Text] Moscow, 26 May — Russia was against the delivery of air strikes against Bosnian Serb targets, President Boris Yeltsin told correspondents this morning before flying out to Minsk, where the CIS Councils of Heads of State and Government are to meet. However, Russia knew about this decision by the UN and the NATO leadership, and warned the Serbs in advance about the planned air strikes, the Russian president said.

Further Yeltsin Comments on Air Strikes

LD2605103095 Moscow Russian Public Television First Channel Network in Russian 0800 GMT 26 May 95

[From the "Novosti" newscast]

[FBIS Translated Text] The heads of the states and governments of the CIS countries convened in Minsk today. Russian President Boris Yeltsin answered journalists' questions before flying off to the Belarusian capital this morning.

Talking about a possible meeting with Ukraine's President Leonid Kuchma, Boris Nikolayevich said:

[Begin recording] [Yeltsin] One cannot avoid a meeting with him, I would put it like this, since he is very anxious. [end recording]

Talking about Kuchma's proposal about joint basing for the [Black Sea] fleet, Yeltsin said:

[Begin recording] [Yeltsin] You see, we have already had three documents: Dagomys, Moscow, Massandra. They are now renouncing all the three documents. You know, we do not understand how this can be. We have signed the documents, agreed about everything, so to speak. Therefore, until we solve the problem of the Black Sea fleet, my visit to Ukraine is out of the question. And we will conclude no treaty. [end recording]

The question of the president's attitude toward the NATO air strike carried out yesterday on the Serbs' positions was raised.

[Begin recording] [Yeltsin] We were against it, but unfortunately in line with the decisions by the UN Secretary General and and also by NATO this air strike took place. Although we managed to warn Milosevic and Mladovic yesterday: Bear in mind that there will be an air strike if you don't stop this war, you know. But they continued combat actions, so they got it. Thank you. [end recording]

Diplomat: No Reason To Reproach UN, NATO

LD2605105295 Moscow INTERFAX in English 0952 GMT 26 May 95

[FBIS Transcribed Text] MOSCOW, May 26 (INTERFAX) — Russian leaders were informed of the intention of the U.N. to use NATO aviation for striking at Bosnian Serb positions, a high-ranking official in the Russian Foreign Ministry told INTERFAX today.

He said Moscow had spoken to Belgrade hoping that Serb President Slobodan Milosevic could influence Bosnian Serb leader Radovan Karadzic. "However, Bosnian Serbs preferred to ignore all calls and warnings and refused to carry out the ultimatum and hand in three cannons and a mortar under control by the U.N. forces," the diplomat added. He said that as a result, the U.N. Secretary General Special Envoy Yakushi Akashi had agreed to use NATO aviation four hours after the ultimatum expired.

According to the same source, all terms fixed in the U.N.'s previous resolutions were fulfilled when using the aviation. He said neither the U.N. nor NATO could be reproached.

The diplomat said another attack on the positions of Bosnian Serbs might be launched on May 26 if Bosnian Serbs do not retreat beyond the 20-kilometer zone around Sarajevo. He said Bosnian Serbs had not yet reacted to the second ultimatum.

According to the same source, after the attacks on military warehouses, likely to be empty, Bosnian Serbs

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took more heavy arms controlled by the UN. "They did not take U.N. peacekeepers hostage as Karadzic threatened but subjected to fire nearly all the safest regions in Bosnia. This fact gives the U.N. the right to use NATO aviation once again," the diplomat added.

The diplomat said the "conduct of Bosnian Serbs has been extremely unreasonable for a long time." "When turning down the peace plan of the Contact Group they rejected the opportunity to honorably end Bosnian bloody slaughter. Nevertheless, Bosnian Serbs can still create their power structures and control about 50% of the territory of Bosnia and Herzegovina and maintain close contacts with the Motherland, i.e. Serbia," he said. The diplomat said, however, that Bosnian Serbs seemed to wish "to bite off a still larger piece which has already got stuck in their throat. Anyway, time is against them."

The diplomat said the stand of Serb President Slobodan Milosevic in regard to the recent events was "well-thought-out" and "dignified." He said the world community should award such a stand. The diplomat said Russia believed that there were no more justifications for blocking the removal of the sanctions against Belgrade. "Thank God, our partners finally agreed with this," he added. The diplomat said the essence of the sanctions and the procedure for removing them had yet to be discussed.

For more details please see today's INTERFAX Diplomatic Panorama.

Russia Seeks Contact Group Meeting on Bosnia

LD2505184695 Moscow INTERFAX in English 1717 GMT 25 May 95

[From the "Diplomatic Panorama" feature by our diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] MOSCOW, May 25 (INTERFAX) — Russia favors a meeting of the Contact Group on Bosnia (Russia, U.S., Britain, France, and Germany) in Nordwijk (the Netherlands), a senior Russian Foreign Ministry official declared in an interview with INTERFAX on Thursday. A session of NATO's Council and of the North Atlantic Cooperation Council will be held in Nordwijk on May 30-31. Foreign ministers from all Contract Group countries, including Russian Foreign Minister Andrey Kozyrev will gather in Nordwijk. "This chance should be used for holding a ministerial summit on Bosnia," the diplomat said.

"Moscow believes that such a meeting is long overdue," the source said, adding that "in view of the latest events in Croatia and Bosnia and of the sentiments gathering momentum in favor of pulling UN peace-keepers out of the area, a meeting of foreign ministers from Contact Group countries is more than necessary," the diplomat said.

He admitted that most Contact Group countries were inclined to favor gathering in Nordwijk. "True, there are hesitant countries, above all, the U.S. But we hope that their doubts will be dispelled within the next few days, "the Russian diplomat declared.

Foreign Ministry 'Reacts Calmly' to U.S. on Contact Group

MK2605073095 Moscow SEGODNYA in Russian 26 May 95 p 1

[Report by Vladimir Abarinov in the "Diplomacy" column: "Moscow Does Not Dramatize the Disagreements Between Members of the Contact Group"]

[FBIS Translated Text] The Russian Ministry of Foreign Affairs reacts calmly to comments by the U.S. State Department on the negotiations by Aleksandr Zotov, the Russian Federation president's special representative, in Belgrade. According to Washington, Zotov's proposals run counter to the position of the contact group countries. "The sole proposal the contact group can make at the negotiations with the Serbian president is the one Ambassador Frasure put on the negotiating table," said State Department spokesman Nicholas Burns 23 May. He described the differences over the issue of lifting sanctions as "basic disagreements," stressing that Russian representatives did not take part in the latest session of the contract group in Frankfurt. In the U.S. interpretation, Zotov fully identified with Slobodan Milosevic, who demands the full abolition of sanctions in exchange for the recognition of Bosnia, whereas the contact group's plan is partially to suspend the sanctions.

According to a representative of the Russian Federation Ministry of Foreign Affairs whom SEGODNYA's correspondent asked to comment, the Zotov negotiations, quite the contrary, "proceeded as part of joint efforts by the contact group." The Russian diplomat described Moscow's position as "more advanced." The only difference is that Russia proposes that the package of sanctions to be suspended should be "weightier." The diplomat explained that the Russian delegation did not get to Frankfurt "for technical reasons," noting that a ministerial meeting of the contact group should take place in the very near future if the sides "manage to overcome the remaining problems."

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Yeltsin Envoy on 'Constructive Discussion' With Milosevic

LD2505214695 Moscow ITAR-TASS World Service in Russian 1620 GMT 25 May 95

[By ITAR-TASS correspondent Ivan Ivanov]

[FBIS Translated Text] Belgrade, 25 May — "Yugoslavia expects from the world community an objective and impartial approach to the resumption of the peace process and a political solution to the crisis in the former SFRY," Serbian President Slobodan Milosevic said today at talks with Aleksandr Zotov, the Russian president's special envoy.

A report for the press given by the Serbian president's office says that during the talks S. Milosevic stressed the importance of finding a solution which is just for all the sides involved in the conflict in Bosnia and Herzegovina, since it could become the basis for achieving peace. He also said that Yugoslavia has clearly demonstrated its commitment to the cause of peace in the Balkans, and therefore the world community should lift the sanctions against the FRY and end the policy of unprovoked pressure, which is today the main obstacle on the path of achieving peace and stability in the region.

Unlike the tough tone of the report of the Serbian president's office, A. Zotov was less categorical in what he said in an interview with an ITAR-TASS correspondent on the results of his two- hour meeting with S. Milosevic. Expressing satisfaction at the "constructive discussion, the main subject of which was an exchange of opinions on ways to 'sort out' the Yugoslav crisis," A. Zotov said that he is still hoping that "it will be possible to find a real way out of the present situation which threatens to have serious consequences for Europe and the whole world."

The Russian president's special envoy believes that the Serbian president "understands the whole seriousness of the preent situation." "I am satisfied by the responsibility with which he is approaching questions on solving the crisis," A. Zotov said, at the same time expressing regret that certain international mediators on a settlement to the Yugoslav crisis do not show the same responsibility over the fact "that blood is still being shed in the Balkans, and that equipment is still being supplied here aimed at solving the crisis by force." "For my partners in the 'contact group' this blood should become a factor of moral pressure for the speediest possible search for a just solution to the crisis," he stressed.

A. Zotov acknowledged that during the course of the meeting there was also discussion of a proposal by the American representative in the "contact group" on a temporary suspension of trade and economic sanctions against the FRY in return for Belgrade's recognition of Bosnia and Herzegovina. Declining to reveal details of how this proposal was examined, the Russian diplomat said that it was discussed "in the framework of the search for ways toward a general normalization of the situation in the Balkans".

'Time Is Short' To Amend NATO Expansion Plan

MM2505181995 Moscow IZVESTIYA in Russian 26 May 95 p 3

[Article by Stanislav Kondrashov: "NATO: The Eastern Express Is Running on Time"]

[FBIS Translated Text] The scene is well rehearsed by them and well known to us. He comes in — they stand. He makes an imperious gesture — they sit, settling comfortably into splendid armchairs along a gleaming table and experiencing in front of the TV cameras the embarrassment of important personages who have suddenly become mere extras.

Have you guessed it? The opening ceremony of the latest, irregular session of the Security Council — the Kremlin one, not the UN one.

That's the form. Well defined, as good as theirs. Especially if, on that same day, as evening draws on, you see that it's not only Washington that has its Rose Garden at the White House — we too have our Tayninskiy Garden in the Kremlin where it seems our president sometimes takes a stroll. And in that secret garden there is even a little table where he can sit for a quarter of an hour with a TV journalist.

The form is well up to their level, and when it comes to the quality of the furniture it seems we've actually overtaken them.

What about the content? After all, that tells you just as much as the tables, chairs, and decor do about the quality of state work. The content is more difficult. It is more obscure. Isn't that why they try to swamp us, fellow citizens of Russia, with form?

On Wednesday, Security Council Secretary Oleg Ivanovich Lobov somewhat incomprehensibly took the blame for the content of its latest session. In connection with the decision on the Cossacks, we learned, as we sat watching television, that there are, apparently, Cossacks in Norway and Switzerland too, also with household weapons.

On the question of Russia and NATO it emerged that we may be signing the "Partnership for Peace" program on 31 May, and then again we may not. Apparently by that time — a week from now! — things should have been

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made clear as to whether NATO is going to move its borders to the East, expanding by means of the former allies of the former USSR.

Furthermore our Security Council is apparently setting up a working group to study this question within the context of the more general question of European security. And it could even be the president himself who heads that group.

Fog. Too much fog.

The foreign minister also delivered a report (a wish-report?) at the Security Council that not NATO, but the OSCE [Organization for Security and Cooperation in Europe] should hold sway in Europe. Not a bad idea — for the armchair pundits.

Meanwhile, also on Wednesday, Ukrainian President Kuchma, meeting with Latvia's Ulmanis in Riga, stated that the eastward expansion of NATO is inevitable, and let it be known that he takes a positive view of it. The "Voice of America" promptly described Kuchma's words as evidence of the pro-Western orientation of Ukraine, which rejects the "policy of nonalignment"....

On the results of Clinton's recent visit to Moscow, Kozyrev saw as an achievement the fact that all-European security was discussed on a priority basis. The emphasis was apparently shifted in the right direction for us, and the Russian president apparently showed "wisdom" by avoiding a "head-on confrontation" with the U.S. President.

However, the schedule of NATO trains has not been disrupted, the Americans tell us; they are running according to the timetable laid down last December. A special group is working on "internal analysis" of the conditions and time scale for the admission of new members to NATO. In the fall, preparing the ground for the next — December — NATO Council session, it will try out its draft at a briefing with representatives of the states that have thus far assembled in the lobby known as "Partnership for Peace."

As time goes on it will be increasingly difficult for Russia to make the adjustments it requires to this process, which it can no longer stop, but which it could still change in terms of the framework and time scale. That could be achieved by realizing that time is short, knowing what we want, and having a realistic idea of our own potential.

The experts think that Poland, the Czech Republic, Hungary, and others are keener to join the European Union than NATO. But the EU is not letting them sit at its table, seeing spongers rather than workers. Instead of the table, they offer them a roof — NATO. For our former allies it is more important to enter Europe than to escape Russia, which they have already achieved. Despite Chechnya, realistic East European politicians see no threat from the new Russia.

But here is a general opinion and well-known fact: The Russian Foreign Ministry is not working with them and is totally ignoring them, discussing the question of NATO's eastward expansion with the Americans and other NATO members over the heads of the new applicants for membership. What about our parliament? Where is its mite, where is its painstaking work?

A most important problem whose resolution will determine Russia's geostrategic and geopolitical position, including even its relations with the CIS members, is being left to fend for itself. Now it remains to be seen whether the Security Council working group that has been announced will be an effective policy formulation center. Or just another useless toy demonstrating the primacy of form over content.

They say that NATO, by virtue of the political nature of the states belonging to it, cannot be a threat to Russia's security. In principle that is true, but formal logic does not guarantee a bright future. Can you imagine what echo of remote and recent history, what explosive national complexes, could be generated in Russia by a sense of unfair isolation and the advance of a mighty military bloc to a point — as one IZVESTIYA writer pointed out — level with Uzhgorod or even Smolensk?

Among the NATO elites there are, of course, those who have their own grave doubts on the expansion question. All but a majority are proposing not to hurry with this plan, or to abandon it altogether in favor of less risky options for security in an undivided Europe. The other Western rationalists must understand that every stick has two ends. While preserving the bellicosity of former times, they would like to "rationalize" Russia too, guaranteeing its progress along the Western path by means of creating a deterrent "cordon sanitaire" on Russia's borders. Such "rationalism" only provokes suspicion, arrogance, and irrationality in Russia, fortifying the supporters of the superpower past.

In an atmosphere of respect for the three sides, respect which, thank heaven, still exists, it is necessary to seek a solution that would suit them all.

'Negligence' by Captain of Damaged U.S. Destroyer Alleged

MM2605083795 Moscow KRASNAYA ZVEZDA in Russian 24 May 95 p 3

[Report by Vladimir Gundarov under the "Postscriptum: Events and Commentaries" rubric: "In the Northern

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Fleet the Americans Given the All-Clear. How Russian Naval Seamen Rescued U.S. Navy Property"]

[FBIS Translated Text] During an official visit to Severomorsk the U.S. Navy destroyer Caron damaged its starboard propeller and lost one of its five port propeller blades. This fact was established during an underwater inspection of the ship's propeller and rudder gear by specialists from the Russian marine diving company Ekseltior. At the Northern Fleet headquarters the view is that the accident was due to negligence by the ship's commander Steven Nerheim during mooring. However, let the Americans carry out their own investigation — that is not the issue here.

From 19 to 21 May Russian mariners from the search and emergency rescue detachment searched the bed of the gulf looking for the lost blade and examining the underside of the destroyer free of charge. Lieutenant Captain Oleg Vitryuk found the Americans' property and Senior Seaman Konstantin Atkov brought the blade to the surface. The blade was winched onto the Caron's deck and the destroyer set sail for Norfolk, where it will undergo repair.

Yeltsin Says Kuchma Worried About Upcoming Meeting

LD2605063095 Moscow ITAR-TASS in English 0616 GMT 26 May 95

[By Gennadiy Yezhov]

[FBIS Transcribed Text] MOSCOW, May 26 (ITAR-TASS) — "Ukraine's intention to turn down previous agreements on the Black Sea Fleet is unacceptable for Russia," President Yeltsin said today in the morning before flying to Minsk, where a CIS summit will be held.

Responding to a question of ITAR-TASS, Yeltsin said that he would hold talks on the problem of the Black Sea Fleet with Ukrainian President Leonid Kuchma within the framework of the Minsk summit. "He is very much worried about the forthcoming meeting and the discussion of the Black Sea Fleet problem," Yeltsin added. He said that Russia and Ukraine had concluded three agreements on the Black Sea Fleet: in Dagomys, Moscow and Massandra. Now, according to Yeltsin, the Ukrainian side is turning down all the three documents, which "Russia cannot understand."

This is why a visit of the Russian President to Ukraine and the signing of a full-scale treaty of friendship and cooperation with Ukraine cannot take place until the problem of the Black Sea Fleet is settled, Yeltsin stressed.

Black Sea Fleet Talks 'Stuck' on Eve of Minsk Summit

MM2605103295 Moscow IZVESTIYA in Russian 26 May 95 pp 1, 2

[Article by Vasiliy Kononenko: "Minsk Is Readying Champagne for CIS Leaders, Who Have No Chance of Announcing Any 'Breakthrough'"]

[FBIS Translated Text] The upcoming meeting of heads of state and government in Minsk, judging by the prepared documents and activeness of its participants, does not promise any vigorous progress toward the cherished aim — creating a prototype European Union. President Nazarbayev's "illness" is badly timed, and the Ukrainian delegation intends to attend the session only as an observer. The reasons for what is happening are clear: The political and economic aims that the Commonwealth states are pursuing are still very different. It is not possible to harmonize them even within the framework of bilateral dialogues.

An illustration of this is provided by Russian-Ukrainian relations, which recently, in the common opinion of observers, have come close to crisis. As before, they are complicated by the problem of the Black Sea Fleet, which Moscow and Kiev view in completely different ways, and this fact is bound to influence the results of the "summit" in the Belarusian capital.

After the exceptionally tough statement by the Russian president there have been no signals from Kiev to help forecast the future development of Russian-Ukrainian relations. B. Yeltsin and L. Kuchma may meet in Minsk. The sides' initial positions are important in this connection.

The Ukrainian Embassy in Moscow is still convinced that Kiev will adhere firmly to the following approaches regarding the division of the fleet, which Embassy Counselor V. Dolganov set out to your IZVESTIYA correspondent as the official position. According to the counselor, it is that there can be no foreign military base of the Guantanamo type in Crimea, on Ukrainian territory. The fleet can be divided. In the process it is necessary to proceed from the fact that 18.7 percent of the ships and infrastructure of the former all- Union fleet belonged to Ukraine. This share must be taken into account when dividing the Black Sea Fleet.

Russia is entitled to put forward proposals for leasing the fleet base at Sevastopol. There are 76 berths and 517 moorages in Yuzhnaya and Sevaston bays. Ukraine is prepared to negotiate on certain preferential leasing terms.

V. Dolganov went on to complain that the Ukrainian side cannot understand why the Kremlin is linking the

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fleet problem with a political treaty and with Ukrainian debts to Russia (according to certain estimates, they are between $3 billion and $5 billion). "Besides vegetables and fruit, we are not averse to paying in warships — with the aircraft carrier Kiev for instance," V. Dolganov stressed. "But neither the president nor anyone else in the Ukrainian leadership will be able to agree to the formula for a bilateral agreement on the fleet proposed by the Russian side: 'Sevastopol is a Russian naval base.' What is permissible is only the statement: 'The base of the Russian Black Sea Fleet is in Sevastopol.'"

As was only to be expected, the Russian side's position was almost diametrically opposite. In an interview with your IZVESTIYA correspondent Russian Deputy Foreign Minister Yu. Dubinin declared that at present Kiev "has no clearly formulated position on the Black Sea Fleet problem." On 13 March Russia handed its proposals to President L. Kuchma personally, but it has still received no reply. As for the terms used by Ukrainian Embassy spokesmen, for instance, the "basing" or "base" of our fleet, they do not feature at all in the negotiating process. Moreover, there are not any talks about Ukraine's share of the former all-Union fleet's property either.

All the problems of dividing the Black Sea Fleet cannot be resolved at a stroke, he continued. First of all we must separate the fleets (move them to different bases) and calm people. The talks about the fleet in no way affect the problem of Ukraine's sovereignty and are not linked with the signing of a major political treaty between the two countries. The treaty is practically ready for signing. It, like other documents, contains no territorial claims.

As we can see, the talks seem to be stuck. Even the assumption that "among Russian politicians there are people who are interested in slowing down the talks and postponing B. Yeltsin's visit to Kiev out of electoral considerations" is being voiced in this connection.

We were able to establish that B. Yeltsin has received a reply from L. Kuchma ahead of the Minsk "summit." It contains virtually a direct rejection of the accords concerning the principles for the separation of the fleets placed on record by the two countries' presidents in Moscow, Zavidovo, and Massandra. In particular, the Ukrainian side is proposing only a limited presence by the Russian fleet in Sevastopol and deems it impossible for Russia to use the fleet's whole infrastructure. B. Yeltsin has instructed the government, the Defense Ministry, and the Foreign Ministry to study these proposals. However, experts believe that under the new Ukrainian proposals Russia would be unable to have the fleet's base in Sevastopol but would merely be able to use certain infrastructure facilities, which would mean that the fleet was unable to function.

Soskovets: Ukraine Owes Russia $5 Billion

LD2505135295 Moscow ITAR-TASS in English 1322 GMT 25 May 95

[By Oleg Velichko]

[FBIS Transcribed Text] MOSCOW, May 25 (ITAR-TASS) — Ukraine owes Russia equivalent of about 5 billion U.S. dollars, Russian First Deputy Prime Minister Oleg Soskovets told journalists today. At the moment Ukraine is paying to Russia against credits made available to it by the International Monetary Fund (IMF), he said.

According to Soskovets, Ukraine has already paid 68 million dollars and above 100 million dollars for fuels supplied to it by Russia in the first quarter of 1995. In compliance with an agreement concluded between Moscow and Kiev in March, Ukraine is obliged to pay Russia 600 million dollars from the IMF credits. As far as restructuring the debts Ukraine owes to Russia is concerned, according to the agreement, it will be stretched over 13 years, Soskovets said.

Yeltsin Lifts Customs Controls on Belarus Border

LD2605104995 Moscow ITAR-TASS in English 0937 GMT 26 May 95

[FBIS Transcribed Text] MOSCOW, May 26 (ITAR-TASS) — Russian President Boris Yeltsin has issued a decree "On lifting customs control on the Russo-Belarus border." The document which came to ITAR-TASS says as follows:

"In accordance with an agreement on the Customs union between the Russian Federation and Belarus of January 6, 1995 and for purposes of the realization of agreements reached between Russia and Belarus on the completion of the first stage of the formation of the Customs union I decree:

"The government of the Russian Federation shall lift customs control on the border between the Russian Federation and Belarus; ensure control on the border over transit cargoes belonging to third countries in accordance with a special schedule.

The government shall, jointly with the Belarusian side, to take measures to remove customs control from the Russo-Belarusian border to the external frontiers of Belarus.

The decree comes into effect since the date of publication. [no closing quotation mark as received]

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Yeltsin Submits Agreements With Kazakhstan to Duma

LD2605094295 Moscow ITAR-TASS in English 0928 GMT 26 May 95

[FBIS Transcribed Text] MOSCOW May 26 (ITAR-TASS) — President Yeltsin sent today a letter to State Duma Chairman Ivan Rybkin, informing him of having submitted for ratification to the lower chamber of the Russian parliament agreements between the Russian Federation and Kazakhstan on the status of army units, temporarily deployed on the territory of the Republic of Kazakhstan, and on the military service of Russian citizens in the Armed Forces of Kazakhstan under contract, as well as on their status.

The letter, circulated by the press service of the President, says that the agreements meet the interests of the Russian Federation, create a legal basis for the deployment of Russian army units on the territory of Kazakhstan and provide social security to the officers and men serving in those army units, as well as to their families.

Kazakhstan is also working for the ratification of the agreements, the letter says.

Kazakh President Nursultan Nazarbayev issued a decree on Thursday about the ratification of the agreements between Kazakhstan and Russia on the military service of Russian citizens in the Armed Forces of Kazakhstan under contract, ITAR-TASS correspondent Gennadiy Kulagin reports from Almaty.

FSB: Polish Security Service Attempting To Recruit Spies

LD2505203295 Moscow ITAR-TASS in English 1858 GMT 25 May 95

[By Olga Semyonova]

[FBIS Transcribed Text] MOSCOW May 25 (ITAR-TASS) — The senior spokesman of the Russian Federal Security Service's [FSB] public relations centre, Aleksandr Mikhaylov, confirmed that Poland's security services were trying to recruit for spying Russian nationals visiting Poland.

"We have such evidence," Mikhaylov told ITAR-TASS.

The issue surfaced after a Russian chief of a business made public the story of his recent visit to Poland.

The young businessman said his previous visits to Polish business partners were uneventful.

During his recent trip, the businessman told ITAR-TASS, some persons who were attending a meeting as businessmen started to press him to "fulfil some tasks and requests".

When the businessman refused, he was told that Polish security services would find means to have his business wound up.

The sham businessmen said his bank accounts in Poland would be closed, his partner credibility tainted and trips hindered. Moreover, the threat was voiced that he would be arrested for "espionage".

Competent sources explained that Poland's drive for membership of NATO was behind the activated efforts to recruit for spying missions Russian businessmen and so-called "chelnoki", or shuttling wholesale traders.

Posuvalyuk on Middle East Peace Process

LD2505132195 Moscow ITAR-TASS in English 1309 GMT 25 May 95

[By Anatoliy Kerzhentsev]

[FBIS Transcribed Text] TEL AVIV May 25 (ITAR-TASS) — Russia as co-sponsor of the Middle East peace process, from the very outset did not rule out the possibility that difficulties would arise in the path of resolving the involved and persisting Arab-Israeli conflict. However, the Russian side, convinced of the peoples' genuine interest in peace , has never dramatised the situation and is always ready to help peace negotiators in the hour of need, Russian Deputy Foreign Minister Viktor Posuvalyuk told ITAR-TASS on Thursday. He added that this is precisely what prompted his regular Middle East trip.

Posuvalyuk said when he met with Israeli President Ezer Weizmann, Prime Minister Yitzhaq Rabin and Foreign Minister Shim'on Peres, they expressed firm intention to go on steering the course towards a peaceful settlement of the conflict with Arab neighbours, notwithstanding all the difficulties on the chosen road and resistance from the opponents of the establishment of peace and stability in the region.

Mutual interest in a further development and strengthening of Russo-Israeli cooperation in various fields was also pointed out during the meetings.

The Russian diplomat said the Middle East peace process and the expansion of bilateral contacts would be the focus of his meeting with Palestine Liberation Organisation Leader Yasir 'Arafat later in the day.

After visiting the Palestinian self-rule area in Gaza Strip, Posuvalyuk will go to Jordan and will then visit Lebanon and Syria.

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Spokesman Welcomes Israeli Freeze on Land Confiscation

LD2505171195 Moscow ITAR-TASS in English 1634 GMT 25 May 95

[By Vladimir Suprun]

[FBIS Transcribed Text] MOSCOW, May 25 (ITAR-TASS) — The Israeli government's decision to freeze the confiscation of a part of Palestinian land in East Jerusalem has been received with satisfaction in Moscow, Mikhail Demurin, official spokesman of the Russian Foreign Ministry, said today at a briefing today.

Tel Aviv's this step [as received] "testifies to the victory of common sense, not manifestation of its weakness". It can only contribute to improve the situation around the peace process in the Middle East and, in particular, to the success of the Palestinian-Israeli negotiations, the Russian diplomat emphasised.

Mikhail Demurin commented on the current tour of a number of Middle East countries undertaken by Viktor Posuvalyuk, Russian First Deputy Foreign minister and special representative of the Russian President. According to him, this tour should be regarded as yet another stage in Russia's efforts to provide practical assistance to achieve a breakthrough in the Middle East peace process.

At the moment Viktor Posuvalyuk is in Israel, and later he will visit Jordan, Lebanon and Syria, Mikhail Demurin said. During the Russian representative's meetings and talks attention wil be focussed on questions of Syrian-Israeli settlement, Palestinian-Israeli negotiations, as well as strengthening Russia's interaction with all participants of the Middle East settlement, The Russian Foreign Ministry spokesman said.

Israeli Press Warns of 'Russian Espionage' Activity

MM2605102595 Moscow TRUD in Russian 25 May 95 p 4

[ITAR-TASS report: "Special Campaign Against Special Services. By All Accounts, Israeli Press Is Launching Campaign Against 'Russian Espionage'"]

[FBIS Translated Text] Tel Aviv — Russian-language newspapers have been carrying appeals to Russian immigrants urging them to give the security services information on the activity and staffers of special service organs in their "countries of origin." After the recent statement by Head of Government Yitzhak Rabin on Israel's readiness to conclude a "package deal" with Russia and the United States on the exchange of spies, the local press carried an extensive report on Israelis who were Soviet intelligence agents and are now in Israeli jails. It was noted in particular that following the release of Shabatay Kalmanovich, formerly a prominent Israeli businessman, at the Russian side's request last year, there are still seven people in detention including the biologist Markus Klinberg, Colonel Shimon Levinson, and the engineers Grigoriy Lundin, Romek Visfeld, and Shmuel Makhti.

Zeyev Shif, a popular Israeli analyst well known for his extensive links with local political and military circles, has also become involved in this issue. In an article entitled "Russian Espionage in Israel" published recently in the newspaper HA'ARETZ he said that Russia has a "natural" interest in gathering intelligence information to protect its own interests. The author writes that Israel falls within that sphere of interests along with the Western countries.

Citing specialists' views, Shif writes that the Russian intelligence service is now interested not only in political information but also in Israeli technologies, arms, and other military systems. In the author's opinion, Russia needs this information specifically to persuade potential Arab purchasers of its arms that it can supply them with armaments which take account of Israel's military potential.

The author expresses special concern at the fact that Russia might be reverting to the Soviet practice of passing secret information on Israel to its Arab partners.

Z. Shif warns his fellow citizens that the Russian special services have a great advantage over the Western countries when it comes to carrying out intelligence work in Israel: Namely, the possibility of using hundreds of thousands of Jews who have emigrated to Israel from the CIS in recent years. Of course, the author stresses, you cannot accuse all the immigrants of collaborating with the Russian special services but many of them, Shif points out, admit on their arrival in Israel that great pressure had been exerted on them to persuade them to collaborate with the Russian special services.

However, Shif stresses, there are those Jews who carry out missions for the Russian special services on their own initiative. As for the early release from jail of former Soviet agents, Shif notes that the Israeli security agencies are opposing that in an attempt to deter Israelis from collaborating with the Russian special services.

Panov Emphasizes Russia's Role in DPRK Issue

SK2605022595 Moscow Voice of Russia World Service in Korean 1200 GMT 25 May 95

[FBIS Translated Text] In the event of a stalemate in the discussions on the supply of light-water reactors, Russia

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will remain ready to supply its light-water reactors to the DPRK. Aleksandr Panov, vice foreign minister of Russia, said in an interview with an ITAR-TASS correspondent in Jakarta, that Russia feels that it is more important to not tolerate another tense situation on the Korean peninsula.

He is on a tour to a number of Asia-Pacific countries and is presently in Jakarta to hold working-level discussions with Indonesian Foreign Ministry officials. He stressed that Russia hopes the issue of supplying light-water reactors to Pyongyang will be resolved in that way. He said, however, the nuclear issue is only one of the issues concerning the adjustment of the situation of the Korean peninsula. The high-ranking Russian Foreign Ministry official pointed out that Russia proposed an international conference for the adjustment of the situation of the Korean peninsula. Panov pointed out that Russia's proposal still stands and that the recent contacts with Seoul indicated that Russia's proposal was highly appraised.

He said that (Ian Usukin), chairman of the Russian State Duma, will soon visit the ROK to continue talks between Moscow and Seoul.

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Political Issues

Yeltsin Writes Rybkin on Election Law Conciliation Team

MM2605081895 Moscow ROSSIYSKAYA GAZETA First Edition in Russian 26 May 95 p 1

[Letter from B. Yeltsin: "No Winners or Losers"]

[FBIS Translated Text] Russian Federation President B.N. Yeltsin yesterday sent a letter to State Duma Chairman I.P. Rybkin.

The text of the letter follows below.

Moscow, the Kremlin, 25 May 1995
Esteemed Ivan Petrovich!

I am confident that the conciliation commission's work on the draft law "On the Election of Russian Federation Federal Assembly State Duma Deputies" will make it possible to improve its quality and coordinate different interests, and will avoid any winners or losers in political battles.

In connection with the creation of the conciliation commission on the draft law I proposE that the following participate in its work:

L.I. Brycheva (deputy chief of the Russian Federation president's State Legal Administration and head of the department for cooperation with Federal Assembly chambers);
G.A. Satarov (aide to the Russian Federation president);
A.M. Yakovlev (the Russian Federation president's plenipotentiary representative in the Federal Assembly).
[Signed] B. Yeltsin

Yeltsin To Form Council for Foreign Military Cooperation

LD2505134995 Moscow INTERFAX in English 1226 GMT 25 May 95

[FBIS Transcribed Text] MOSCOW, May 25 (Interfax) — President Yeltsin is expected to sign a decree shortly to set up a coordinating inter-departmental council for military-technological cooperation with foreign countries, the chairman of the state committee for military-technological policies Sergey Svechnikov has said.

He explained it would be an advisory body, which would examine enterprises' requests for the right to independently export military hardware and a number of other issues.

The coordinating interdepartmental council will also include officials from the state committee for military technological policies, state committee for defence industries and defence ministry.

"The coordinating interdepartmental council will handle the most complicated disputes, reconcile the interests of ministries and agencies involved in military-technological cooperation and draw up proposals for further decisions by the government and president," Svechnikov said.

Yeltsin Address to Scientific-Technical Policy Council

MM2505140195 Moscow ROSSIYSKAYA GAZETA First Edition in Russian 25 May 95 pp 1-2

[Unattributed report: "From Survival to Development. Speech by B.N. Yeltsin at First Session of Scientific and Technical Policy Council"]

[FBIS Translated Text] Esteemed Council Members!

Today we are holding the first session of the Scientific and Technical Policy Council.

I proceed on the basis that the problems of science are the problems of all Russian society, and they need to be resolved jointly.

Science is going though a difficult period. But it has been and should continue to be a subject of national pride for us! And a subject of concern!

The budget appropriations are inadequate. There is declining demand for scientific and technical output. Structural transformations are proceeding with difficulty. The reduction in the scale of research and the outflow of scientific cadres are alarming. A number of scientific schools and avenues are on the verge of disappearing.

A number of organizational and economic measures were recently adopted. But destructive trends have not been overcome. And the situation remains acute.

We must overcome these crisis phenomena and ensure that the scientific and technical sphere moves from SURVIVAL TO DEVELOPMENT. That is the main task. I believe that our Council should do everything possible to promote its resolution.

The fundamental reorganization of the scientific sphere is an urgent necessity. Its aim is to create mechanisms for protecting the interests of science, culture, and education, and to protect the freedom of scientific creativity.

Improvisation is impermissible in scientific reform. We need a serious doctrine. It must reflect the new face of science that has been adopted by the scientific community. It should envisage strategic avenues for scientific development, including humanitarian avenues. And the main thing is that the doctrine should form the basis of fundamental state decisions in this sphere.

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There are a number of issues which concern me as president.

The first is the shaping of a unified and coordinated Russian scientific and technical policy. Its main parameters should be determined by the country's national interests.

We need to finally overcome the lack of organization in academic, higher educational establishment [VUZ], and sectoral science, and science institutions in industry and the defense complex. Unless their interests are linked and a unified, coordinated position worked out on key issues, it will not be possible to solve the problems of Russian science.

The second issue relates to the problems of the cadre potential of the scientific and technical sphere; the state of equipment and instruments; the provision of specialized literature; living standards; and the social and consumer problems facing the scientific and technical intelligentsia. The situation in this area is very far from reassuring and requires urgent action. Otherwise these negative processes will become irreversible.

The problem of the aging of cadres and the decline in the prestige of scientific activity cannot fail to cause concern. If urgent measures are not taken to attract young people to science, in 10-15 years' time we will find ourselves in a situation where everything will have to be recreated from scratch.

To a certain extent the situation has been improved by my edict envisaging Army draft deferments for VUZ graduates going to work at state scientific institutions. But this is not enough. We need to find other means.

Third, the poor legal base underlying the scientific sphere is a key problem.

Fourth, I expect the Council to come up with proposals to develop international scientific ties. I do not think there is any need to explain that Russia's participation in international scientific and technical cooperation should not be to the detriment of our national interests.

We need to elaborate a clear-cut position on the problems of:

the emigration of scientific and technical cadres;

the protection of the intellectual property of scientists, creative collectives, and the state;

the creation in conjunction with other countries of international scientific institutions, science parks, educational establishments, and so forth.

I would also like to mention cooperation with foreign funds, which are providing assistance to Russian science, scientists, and collectives. We are grateful to them for this. But this practice should under no circumstances become the norm. We need to move more actively toward equal cooperation. I would ask the Council to draw up proposals on this issue.

Russian science has encountered very severe financial problems. May I take the opportunity afforded by Viktor Stepanovich Chernomyrdin's presence here to urgently appeal to him to keep the funding of science under tight control. Not everything is in order in this area. We need to rectify the situation.

Let me say straightaway that budget financing of science will be maintained. In the draft budget for 1996 the Russian Government is increasing appropriations to not less than 3 percent of total expenditure. This proportion will increase in years to come.

At the same time we need to switch more boldly to fundamentally new mechanisms, inherent in the market economy, for the state funding of research and development. I am thinking of the development of a contract system, the creation of a state research and development market, the extensive utilization of tenders, and so forth.

Russia has remarkable technologies which can be effectively sold and thereby used to obtain funds for further research. This is the only way to maintain world standards.

We need to continue the search for nonbudgetary sources of funding and to work more actively with private and joint-stock capital — above all, Russian capital. Russian capital can and should become a major investor in the scientific and technical sphere.

What about contacts with foreign partners? What is holding them up? First and foremost the lack of funds to provide startup conditions. Western partners are generally not prepared to transfer money to Russia in advance, since they have no faith in the situation in our country. They are only prepared to pay for work that has been done. That is the harsh reality.

What is to be done?

Perhaps it is time to set up a high-technology support fund from some of our huge loans, which are being frittered away everywhere and are hardly reaching the science sector. Such a fund could be used to provide finance for the development of the initial conditions needed for contract relationships. Work would be done, sales made, and the money repaid to the fund.

This mechanism does not yet exist. If we implement it we will be creating marvelous conditions for reinvestment.

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In market-economy conditions the main way to use budget expenditure is to support priority avenues of scientific and technological development. But hitherto we have not had a clear list of what these are. I believe that this problem should be given particular attention by our Council. There have been some proposals on this issue. I would ask you to study them and state your view.

We also need to elaborate as quickly as possible a list of the critical technologies on which the state's resources should be primarily focused. We need to elaborate principles governing the funding of these scientific and technical developments which would integrate academic, VUZ, and sectoral creative collectives.

Channeling the considerable potential of the defense complex into developing fundamentally new, leading-edge technologies is a most important problem.

It is also time to review the state, federal targeted scientific and technical programs adopted over the past few years.

We now need to have a full and detailed register of Russian scientific institutions. It should be drawn up taking account of a detailed analysis of their scientific potential and the effectiveness of their activity.

I know that proposals have already been drawn up on many of these issues, but their implementation is being held up for various reasons. I would ask you to look into this and to make specific proposals.

I am counting on the fact that the president's Scientific and Technical Policy Council and the Government Commission for Scientific and Technical Policy will help to strengthen the coordination of federal organs' actions in the sphere of science and technology.

That is when we will see some returns. The science and technology sphere will emerge from the crisis. The results of research and development projects will work to strengthen the prestige and greatness of Russia — a great country with a glorious history and, I am sure, a happy future!

Let me say a few words about our work.

We have a senior secretary — Nikolay Grigoryevich Malyshev. He will organize day-to-day work and the preparation of material for Council sessions.

Viktor Stepanovich Chernomyrdin could take charge of the implementation of the recommendations and proposals which will be elaborated here.

I have issued an instruction that Council members will be given Presidential Staff credentials. I think that this will help you to operate more capably and effectively.

I hope that all Council members will be productive and creative in their work.

Chernomyrdin Cited on Registration of New Movement

MM2505140595 Moscow ROSSIYSKAYA GAZETA First Edition in Russian 25 May 95 p 1

[Report by Pavel Fedorov: "Viktor Chernomyrdin: Russia Needs Stability, Laws, and Peace"]

[FBIS Translated Text] The Russian Justice Ministry has registered the "Russia Is Our Home" public movement. When handing over the registration documents Justice Minister Valentin Kovalev noted that this is the largest association in Russia, concentrating powerful social and political potential within its ranks.

The Justice Ministry not only carried out a legal appraisal before registering the documents submitted but also checked that these documents conform to the movement's real status. As of today it has 78 regional branches.

Viktor Chernomyrdin thanked the Justice Ministry for its thoughtful consideration of the documents; the clean bill of health gives the association the right to work in peace. Before this day "Russia Is Our Home" held only organizational events, but now the real campaigning will begin.

I am no good at making fancy speeches, Viktor Stepanovich said, and therefore people will judge specific intentions and issues by real results.

Yavlinskiy Calls For Compromise Over Election Bill

LD2505180195 Moscow INTERFAX in English 1548 GMT 25 May 95

[FBIS Transcribed Text] MOSCOW, May 25 (Interfax) — Grigoriy Yavlinskiy, the leader of the Yabloko group in the State Duma was ambivalent about the presidential veto on the parliament-adopted election bill.

He said at a news conference in the State Duma Thursday that President Boris Yeltsin's amendments to the bill would benefit the party that Yeltsin had set up.

Yavlinskiy believes that the presidential amendment on the ratio of MPs elected on party tickets to those elected in constituencies by simple majority is the least significant.

In his view, the amendments enabling government officials to run for the State Duma without suspending their official duties and the requirement that at least half

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of the electorate should take part in the voting for the election to be valid are more important.

Yavlinskiy said that the latter requirement makes sense but by simultaneously setting up a government party the president makes it difficult for the voters to attend the elections. Yavlinskiy believed that if this amendment goes through, the elections run the risk of being invalid or no MP will be elected in numerous constituencies.

He called for a compromise between the State Duma and the president and emphasized that elections should not be held by decree.

Yabloko To Consider Cooperation With Other Democratic Forces

LD2505180695 Moscow INTERFAX in English 1548 GMT 25 May 95

[FBIS Transcribed Text] MOSCOW, May 25 (Interfax) — The YaBLoko movement will consider proposals for cooperation with Democratic Russia, Russia's Choice, the Republican Party and some other democratic parties in parliamentary elections shortly, YaBLoko's leader Grigoriy Yavlinskiy told a news conference in the State Duma.

He said that a working group of the YaBLoko parliamentary faction under Vladimir Lukin and Aleksey Arbatov had been formed.

Yavlinskiy said that running for parliament on one party list with the Russia's Democratic Choice would be harmful, inexpedient and politically indecent towards the electorate. He said that in the political spectrum of those forces which call themselves reformist there were different ideas of how to effect economic reforms. Yavlinskiy also said that some democratic forces supported the current government, whereas YaBLoko was in opposition to it.

He said that in the parliamentary elections the question of methods of effecting economic reforms was the key issue. Yavlinskiy stressed the idea that for that reason democratic forces must form two or three separate political alliances.

As for the presidential election, which will decide the question of Russia's future political regime, the democratic forces must nominate a common candidate and formulate a common program of constitutional reforms.

Yavlinskiy believes that reducing presidential powers and increasing the powers of the government, as well as the development of federative relations and the gradual levelling of the status of federation members and formation of major independent Russian regions should be the key elements of that program.

About other home policy issues, Yavlinskiy said he had a mixed attitude towards President Yeltsin's veto on the elections of the State Duma, the lower house of parliament. Yavlinskiy said that Yeltsin had made amendments to this law in favor of the party he had formed himself just recently.

Yavlinskiy believes that the presidential amendment changing the ratio of house members elected in single-mandate constituencies and on party lists was the least important of all.

Yavlinskiy believes that amendments permitting civil servants to run for the State Duma while staying in office, as well as the 50%- turnout clearance making the elections valid are far more serious.

Yavlinskiy believes that 50%-clearance demand is fully justified. However, he is certain that coupled with the formation of the current government's party, it may keep voters away from the polls. He fears that in some regions Duma members may fail to be elected, or the elections may not take place at all.

He called for a compromise between the State Duma and the president on the electoral law, saying that elections should [item incomplete as received]

Gaydar on Democratic Cooperation Prospects

954F2364A Moscow KURANTY in Russian 19 May 95 p 5

[Interview with Yegor Gaydar, chairman of Democratic Russia's Choice, by Leonid Radzikhovskiy; place and date not given: "I Am Not Pig-Headed. I Am Simply Accustomed To Being Answerable for My Words"]

[FBIS Translated Text] [Radzikhovskiy] Yegor Timurovich, the most acute political question at this time is the unity of the democrats. You have offered Yavlinskiy a common bloc. He agrees, seemingly, then refuses. Why, in fact? How might you comment on the progress of your negotiations with him?

[Gaydar] I would not want to comment in any way on the words and actions of Grigoriy Alekseyevich. Everything has taken place openly and in public, and he himself can explain his position— what's the point of me doing it for him.

[Radzikhovskiy] Very well. But then let us put the question on a fundamental basis. Why is unification needed at all? What is preventing it?

[Gaydar] Unification is not simply needed. It is vitally necessary. There is no need for sophistry here. The

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12 May "Itogi" program, on which Yavlinskiy and I had, it seemed, just about outlined the possibility of unification, was shown. And you could see how our supporters locally were revitalized, as though they had, finally, received a new burst of energy. People are dreadfully exasperated by our disconnection and arguments on various pretexts. The electorate considers these arguments insignificant. This is not always the case, there are important arguments. But in principle, I believe, common sense does not betray the electorate. Of course, though, the endless arguments today are a sign of a certain immaturity, a certain political infantilism. This is why people are reluctant to go to the polls.

Unification would show what is most important: The politicians are capable of distinguishing the major problems and of shoving self-esteem into their pockets. Were this to happen, people would once again acquire hope and would once again be prepared to believe in politicians who had taken if only some step, not only endlessly made promises, promises, promises....

There is a systemic effect: Any system is greater than the sum of its parts. This effect could work powerfully were the democratic parties to unite in a single bloc, with a unified slate. I am sure that the number of votes cast for this bloc would far exceed the sum total of votes cast for all these parties individually. And the "energy capacity" of each vote would be different also—people would be voting with hope. In a word, the present listless situation could be overcome, and a powerful democratic wave could arise once again. The electorate has already been deceived, and more than once. Today's electorate, therefore, no longer believes empty words, but action. One such action is, I repeat, the capacity to unite, to step over oneself.

[Radzikhovskiy] What, in fact, needs to be stepped over? By you, for example?

[Gaydar] By myself and any politician—over his personal ambitions. I know, say, that many of my decisions are unpopular among broad strata of the electorate. "He took away old people's savings on 1 January 1992...," for example, has remained a cliche to this day.

[Radzikhovskiy] What do you mean, "took away"! Stole!

[Gaydar] Yes, transferred to a Swiss bank.... When I began the reform with my colleagues, we knew that the broken pots would have to be paid for. We knew that however much you explained to people that at the end of 1991 the purchasing power of their savings was zero, that they could, in any case, buy nothing for this paper, that in reality these savings had been eaten up far earlier, under previous governments, few people would be convinced by this. The messenger bearing bad tidings is a bad messenger. The ruler who brings the formal situation into line with the actual state of affairs is a hated ruler. My colleagues and I consciously assumed the fullness of responsibility for this step, this decision.

It is mainly the conscious supporter of reforms, the person who understands that honeyed promises and actual policy are not one and the same thing, who could today, therefore, vote for the party of which I am head. Our intelligent fellow thinkers will vote for us. There are not that many of these in the country. There are more of them in Moscow, as in a better-educated city, where there are many professionals....

[Radzikhovskiy] Professionals ruined in the course of the reforms....

[Gaydar] Yes, to my great distress, this is the case. And, you know, I am truly really proud that these people, who have lost a great deal, will vote for us. They will not, after all, vote for us from blind faith, not from simple affections, and so forth. No, they will vote according to their intellect, according to their common sense. Our fellow thinkers do, truly, think as we do. This is an immense responsibility, it is a union of responsible politicians and responsible voters.

So there you are. Our party is not populist. I am not a leader of a populist persuasion. This is not a shortcoming nor is it a virtue. It is simply a fact. And when we become part of a more powerful, broader association, I should hardly lay claim to the role of leader of such an association. It would be judicious for me to occupy there a more modest place. We need to get over this. I see no tragedy here.

[Radzikhovskiy] A departure from politics altogether, if only temporarily?

[Gaydar] I would not consider this honest. I bear a responsibility to my supporters. Albeit not dominant, quite a serious group of the electorate. In addition, there are in politics today, unfortunately, very few characters who are prepared to tell an unpleasant truth, who are prepared to tackle inevitable, but not always easy, matters. It seems to me that it is not in the country's interests for the number of such politicians to diminish by one more. So I should stay. Stay in my "functional place," that of a person who believes in honest policy.

[Radzikhovskiy] Let us assume that a democratic association has, for all that, been created and has obtained a large number of votes. As far as I understand it, these votes, for you, at least, are not an end in themselves but a means. A means for pursuing a certain policy. Of what kind? And in what way, in fact, is it to differ from

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Chernomyrdin's policy? Why do you and your party not become a part of Russia—Our Home? It has quite responsible politicians, after all, far more responsible, perhaps, than other democrats. Especially since, as you yourself have said, Chernomyrdin's economic policy today is not that different from what you would pursue in his place.

[Gaydar] We have discussed this matter many times in the party's Political Council and in the Duma faction. I have written quite a lot about this. Let us think about it one more time.

In general, as a matter of principle. The ruling bureaucracy would construct this model or the other of nomenklatura capitalism, where power and property have merged and where property is a function of power, of the command authority of the owner of this property. It is by no means a question of some people's personal features here. No, this is the essence of a particular social system which is arising here and which is being imposed on the country.

We are supporters of a fundamentally different, liberal model, where power and property are separated. It is this that is the separation of the real powers in a civil society!

Now as regards actual policy. The power party would never agree to a reform and downsizing of the machinery of state. The power party would always look with truly bureaucratic arrogance on political liberties, human rights, and so forth. The power party could not if only slightly clean out the Augean stables of power, just as a person cannot lift himself up by his own hair. And unless there is responsible, not shrill but firm, democratic opposition to the power party, we will simply vanish in a bureaucratically corrupt mire.

Further, the power party would not end the war in Chechnya. It would not pursue military reform—it would, rather, start to drive students into the army. The power party would not undertake agrarian reform. In foreign policy the power party would be too often beating the drum and playing at superpower might. This flatters the bureaucracy, but ruins the country.

I might if only thus respond to the question as to how we differ from the power party and why we do not want either from the front or from the rear entrance to become a part of Our Home.

[Radzikhovskiy] But could you cooperate with them, by constituency, for example?

[Gaydar] We could and necessarily will, of course. Both by constituency and in the Duma. I simply do not understand any "phobia"—Russophobia, Caucasus-phobia, Jew-phobia, bureaucratophobia, communistophobia. It is essential to prudently evaluate any political force and, if this is possible, to strike compromises, remembering that there are no ideal compromises and that we ourselves are far from the ideal.

[Radzikhovskiy] Does this extend to the communists, the Zhirinovskiyites, the fascists?

[Gaydar] To Nazis and fascists, undoubtedly not. "The criminal should be in prison," as they say.

Nor does cooperation with the Zhirinovskiyites appear to make sense to me. I altogether believe that Zhirinovskiy is already finishing his political banquet. The electorate is sick of his antics, not only has he not become a Hitler, he has not even become a Le Pen, he is at the level of Ostap Bender, who did not stay in one city for any length of time.

As far as the communists are concerned, they are today our main political adversaries. There is a certain myth about the communists here as the party of the "downtrodden and insulted." There might have been some grounds for such a myth prior to 1917, but how forgetful, to put it mildly, do you have to be to say this today! Not counting marginals of the Anpilov-Umalatova type, the Communist Party of the Russian Federation is a party of the most reactionary and predatory wing of the nomenklatura. The maximum of state regulation with the preservation and consolidation of the private ownership of the nomenklatura, which they call national capital— this is their program. That is, the maximum corruption, the maximum political suppression, nationalist demagogy, and the enrichment of the ruling bureaucratic elite. This is all that is meant by communism, socialism, and social justice. There is no ground for political and ideological compromise here. This is struggle. And we must be as strong as possible to ensure that our adversaries have no thought of conducting the struggle other than in the legal field and to ensure that our struggle remain purely political and peaceful and within the framework of the current law and the civil society.

If our program maximum is to come to power, our program minimum is to influence the ruling bureaucracy politically to ensure that it not agree to an alliance with the communists and nationalists and pursue a semi-liberal economic and political line.

[Radzikhovskiy] Nonetheless, what is your forecast: Will it be possible to arrange a unified democratic slate, a single bloc? If so, how many votes might this bloc obtain? And, looking to the near future, who will be proposed as presidential candidate?

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[Gaydar] Reiterating the classic, I can only say: "I shall not hypothesize." This as regards the outcome of the negotiations on a unified bloc and its mandates. I am prepared to repeat: Such a bloc would mean a breakthrough, especially against the background of the dissociation in the camp of the communists and nationalists, where personal ambitions and group interests are already clearly preventing such great leaders as Rutskoy, Zyuganov, Skokov, Baburin and company uniting in anything more substantial than general imprecations against the enemies of Russia, of the Russian people.... I would not want our pole to represent a symmetrical picture of such "children's shouts on the lawn."

Concerning the president. This is a most important question, our future depends on it. Everyone understands this. It would be criminal to decide such a question under the influence of anecdotal—compared with it—thoughts of the following type: If it is X, what place will there be for me? Why play the hypocrite—these thoughts are human and inevitable. But the self-preservation instinct, not to mention the sense of political responsibility, suggests another question, all the same: If it is X, in what kind of country will I and my children live? It would be a great achievement were we, in fact, to learn to view this question from this angle.

[Radzikhovskiy] How do you see your political future?

[Gaydar] Primarily as inseparable from the overall situation in the country. Mr. Zhirinovskiy has promised after he has come to power to dispatch me "in the last car to the North." I would love to travel around our North, one can think and write well there. Were the country to embark on the firm track of normal democratic development, I could, most likely, with great pleasure quit active political struggle, which is not the most pleasant for me, and quietly return to academic work. I could then journey around the North also. But this is, I believe, a long way off. As long as the danger of a dramatic development of events is sufficiently serious, my life is determined—I will do everything I can to ensure that there is economic and political democracy in Russia and that the honest individual may have a decent life, not be afraid of coups, and not think that tomorrow the "reds are coming."

Chubays To Head Tax Reform Commission

LD2405121695 Moscow ITAR-TASS in English 1154 GMT 24 May 95

[By Andrey Serov]

[FBIS Transcribed Text] MOSCOW May 24 (Itar-Tass) — Russian first deputy Prime minister Anatoliy Chubays will, most evidently, head a government commission which would revise the national taxation system and decrease the tax burden which strangles producers at present.

"The Russian leadership is currently considering the issue of creating a government commission on taxation policy. It will be, evidently, headed by Anatoliy Chubays", presidential chief of staff Sergey Filatov told Tass Wednesday.

He added that the plans were caused by the "acute situation" in the sphere when expenses to maintain taxation agencies surpass collected tax revenues.

"The taxation system in general does not stipulate people to honestly pay taxes to the state, but makes them look for ways to conceal incomes", Filatov said.

He explained that it is first necessary to decrease the number of taxes and fix the correlation between federal and local taxes. There is a total of some 30 taxes in Russia, while "only several work in reality", according to Filatov.

He said the Analytical centre at the Russia President is accumulating all proposals.

"We have to show to the people that there is a group which works on the concept of the taxation system", Filatov said.

Media Issues

ITAR-TASS, Others Offer To Help NEZAVISIMAYA GAZETA

LD2505140995 Moscow ITAR-TASS in English 1342 GMT 25 May 95

[By ITAR-TASS writer Tamara Zamyatina]

[FBIS Transcribed Text] MOSCOW, May 25 (ITAR-TASS) — ITAR-TASS journalists have decided to help "Nezavisimaya Gazeta" out of financial quandary, offering the bankrupt newspaper free subscription to all ITAR-TASS editions worth several tens million Roubles until the end of the year.

Vitaliy Tretyakov, editor-in-chief of "Nezavisimaya Gazeta" who notified his readers Wednesday that they were forced out of business for financial reasons, told Itar-Tass that over the past twenty four hours journalists, politicians and entrepreneurs had raised around 30,000 dollars out of 10 million dollars needed to continue the newspaper in 1995-1996.

Among media agencies which were the first to offer aid to the bankrupt newspaper were the television company "VID", the "Interfax" news agency, the "TV-6" television company, the Association of foreign correspondents in Moscow and a number of Russian politicians who preferred not to give their names.

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Military, Nuclear & Space Issues

Government Approves 1995 Defense Order

LD2505125095 Moscow ITAR-TASS World Service in Russian 1211 GMT 25 May 95

[By ITAR-TASS correspondent Gennadiy Yezhov]

[FBIS Translated Text] Moscow, 25 May — At its meeting today, the Russian Government approved the defense order for this year: The means allocated for it from the budget amount to about 10 trillion rubles. Russian Finance Minister Vladimir Panskov told ITAR-TASS that the amount will be spent on paying back last year's debts, purchasing military hardware and military goods this year, and advancing payments for the long-term production of the weapons to be supplied to the Defense Ministry in 1996.

Last year's defense order was 8 trillion rubles. The Defense Ministry should decide independently how to use the means allocated this year, the finance minister remarked, "whether to buy military hardware or uniforms." ITAR-TASS has learned from well-informed sources that this year the Defense Ministry will not purchase a single new fighter aircraft. The manufacturers of this type of military hardware will execute foreign orders only.

Enterprises To Get Right To Export Arms Independently

LD2505182495 Moscow INTERFAX in English 1548 GMT 25 May 95

[FBIS Transcribed Text] MOSCOW, May 25 (Interfax) — In the near term the Russian government will adopt a resolution regulating issues related to the granting of the right of Russia's defense enterprises to independently export arms, Chairman of the State Committee on Military-Technical Policy Sergey Svechnikov declared in an interview with INTERFAX.

"According to our estimates, no more than 10 defense enterprises may receive this right over the coming two years," Svechnikov said. At present only the Moscow aviation industrial association which specializes in construction of MIG-29 fighters has the right to independently export arms.

He pointed out that in line with the draft document enterprises which wish to receive a licence for arms export will present their requests to the State Committee on Defense Industry.

After consideration by the committee, the request will be submitted to the coordination inter-departmental council on military-technical cooperation with foreign countries, to be establish by a presidential decree, and then it will be submitted to the government for consideration.

In Svechnikov's words, in order to receive a licence the enterprises should be producers of final production, have certain experience in the sphere of foreign economic activity, have structural branches which will be engaged in promoting production on foreign markets and preparing contracts.

He reported that only the state company Rosvooruzheniye will implement difficult and large-in-volume complex supplies of arms and military equipment.

As Svechnikov declared that State Committee on Military-Technical Policy has also prepared several other documents intended to coordinate the activity of these organizations and to control this activity. At present they are being coordinated with appropriate ministries and departments.

"After these normative documents are adopted, a normal system will be in place for the organization of the work of those enterprises which have received the right for arms export and there will be coordination of their activity and control over arms supply," Svechnikov underlined.

Work of Murmansk Nuclear Base Profiled

MM2405145795 Moscow Russian Television Network in Russian 1000 GMT 21 May 95

[From the "Vesti" newscast: Video report from Murmansk Atomflot Base-92 by G. Smirnova, identified by caption]

[FBIS Translated Text] [Smirnova over video of building, ship in dock] Base-92 was established 35 years ago on the outskirts of Murmansk in the atmosphere of secrecy and half-truths characteristic of those days. Consequently all sorts of at times totally absurd rumors about the base circulated in the city. Now everything turns out to be much simpler and more prosaic. Ninety-two is the number of uranium in the periodic table. Uranium is used as nuclear fuel in reactors. Intially the Atomflot serviced only a single icebreaker. Now all nuclear-powered icebreakers registered with the Murmansk Sea Shipping Line and one transport ship are refueled here. There are around ten of them now. Unique technologies for the treatment of liquid radioactive waste and the recycling of solid waste have been developed at the enterprise. There is great interest in the Murmansk experience among Norwegian, U.S., and Japanese colleagues. Atomflot specialists have carried out several dozen refuelings of reactors of nuclear-powered ships, including some unique ones such as have not been carried out anywhere else in the world.

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This year the enterprise took delivery of this giant floating dock. From now on ships with nuclear installations on board will no longer be repaired in the center of Murmansk city with its population of half a million. [video shows building, docked ship, nuclear train, containers being unloaded, meeting, floating dock, bay]

Kosmos-2312 in Orbit With 'Near-Predicted' Parameters

LD2505172495 Moscow ITAR-TASS in English 1636 GMT 25 May 95

[By Viktor Gritsenko]

[FBIS Transcribed Text] MOSCOW May 25 (Itar-Tass) — A military space vehicle, Kosmos-2312, was launched by the Russian Military Space Forces (RMSF) today from the Plesetsk space port, ITAR-TASS was told today in the press centre of the RMSF.

The vehicle has been placed in orbit with near-predicted parametres — circulation period, 11 hours 49 minutes; orbit inclination, 62.8 degrees; apogee, 40,166 km; perigee, 614 km.

The rocket Molniya is the 2.665th carried launched by Russia since 1957 and the 2,475th successful launch of the carrier. Other launches failed or carrier rockets got in unpredicted trajectories.

Federal Assembly

Yeltsin Overrules Law on 'Natural Monopolies'

LD2605095495 Moscow ITAR-TASS in English 0913 GMT 26 May 95

[FBIS Transcribed Text] Moscow, May 26 (ITAR-TASS) — President Yeltsin has overruled the law "On natural monopolies" adopted by the State Duma on April 21, the presidential press service reported today.

In the opinion of the President, some provisions of this law do not comply with the constitution of the Russian Federation and Paragraph 1 of the Civic Code of the Russian Federation, apart from the fact the law is controversial in part.

In a letter addressed to the Duma chairman, Yeltsin pointed out that such Federal law might be adopted only after the consequences of the enactment of the law are comprehensively assessed and the criteria for natural monopolies and mechanisms of their regulation are clearly defined at a legislative level.

Yeltsin, Deputies Agree To Amend Election Law

LD2505145195 Moscow ITAR-TASS in English 1444 GMT 25 May 95

[By Ivan Novikov]

[FBIS Transcribed Text] Moscow, May 25 (ITAR-TASS) — A compromise with the President is possible, said Vladimir Isakov, head of the Duma group engaged in revising the Law on elections of Duma members, after the group's first meeting intended to look for compromise with Yeltsin who had turned down the election bill approved by the Duma.

The president sent the bill back to the lower house with critical remarks on its unconstitutionality which he urged the law-makers to study thoroughly before taking further action.

To sweeten the pill, Yeltsin proposed forming a trilateral conciliatory commission of his own representatives and members of the two chambers, the State Duma and the Federation Council.

"We can agree with the President on several points, first and foremost on Clause 44 which demands candidates for seats in the Duma who occupy state or municipal posts or work for the mass media be excused from their duties," Isakov said.

He proposed a new edition of Clause 44: upon registration as candidates, persons who fall within said categories shall have no right to use the authority vested in them in the line of duty. This wording would keep the import of the Clause intact while dropping the demand that the candidate step down from his or her post.

Another point the subcomission plans to consider in-depth is the turnout percentage required to recognise the elections good.

The President called for setting the limit at 50 percent of the registered voters. Members of the Russian parliament, however, said the requirement would be hard to meet and might disrupt the elections.

"We have a counter-proposal for lowering the quota to 25 percent, and stipulating this in two laws — one on the presidential election, and another on the election of MPs," Isakov said.

"This will naturally require amendments to the President's version of the law," he added.

Members of the Duma subcommission expressed doubt about the President's proposal concerning the mandatory run-off elections in one-seat constituencies where none of the candidates scores the required number of votes in the first round.

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The two-round system of voting "does not appear to go very well with voting by party lists," Isakov said.

The names of the candidates who run in constituencies are subsequently dropped from the party lists and replaced with other names, Isakov said. This implies that the results of the voting by party lists will not be available before the end of the second round of voting, and the summing up will be made unnecessarily difficult, he said.

This will make the election procedure more complicated, Isakov said and added that in his time, the President himself had rejected the run-off system, even though it appeared to be "more democratic" in Isakov's words.

The last but not least difficult point, as Isakov sees it, is the proposed ratio between the deputies elected in one-seat constituencies and those elected by party lists.

The President proposed having 150 MPs elected by party lists and 300 in one-seat constituencies.

"This would mean putting an end to the State Duma," Isakov said. "The first meeting of the Duma group did not give me as chairman a mandate for this," he added. Isakov pointed out that a majority of the Duma subcommission members were against "restructuring" and favoured the idea of preserving the State Duma as it is.

In the meantime, he did not rule out the possibility of establishing a ratio differing from 225/225, and agreeing to "tipping the balance" but only as a result of talks with the representatives of the President and the Federation Council within the framework of the trilateral commission.

He emphasised that the Duma group brought together members of all the Duma factions and groups, including Vladimir Zhirinovskiy, Anatoliy Lukyanov, Konstantin Zatulin, and Viktor Sheynis.

Satarov Says Compromise Reached on Election Law

LD2505220795 Moscow ITAR-TASS World Service in Russian 1627 GMT 25 May 95

[By ITAR-TASS parliamentary correspondent Pavel Kuznetsov]

[FBIS Translated Text] Moscow, 25 May (ITAR-TASS) — The conciliatory commission on the "law on election of deputies to the State Duma," vetoed by the Russian president, "has found compromises on all positions," one of the commission's cochairmen, presidential aide Georgiy Satarov, told journalists today after the first sitting of the commission.

The representation of deputies elected on party lists in one-seat constituencies — although it has a chance of preserving its numerical ratio 225 to 225 — "however, it does not stand a chance of remaining in its present form," in line with the law version adopted by the duma, Satarov said. All members of the commission agreed that the article should be formulated in such a way so that the influence of the regions on the formation of party lists is increased, he explained.

In the opinion of Satarov, in spite of the situation that has developed over the "law on election of deputies to the State Duma," the document should come in force in June.

Deputies to Election Conciliation Team Named

MM2605104895 Moscow ROSSIYSKAYA GAZETA First Edition in Russian 26 May 95 p 2

[Unattributed report: "Seeking Consensus"]

[FBIS Translated Text] Last Wednesday State Duma deputies formed the Duma section of the conciliation commission, which will be working on the draft law "On the Election of Russian Federation Federal Assembly State Duma Deputies," which was rejected by Boris Yeltsin. The commission includes Gennadiy Kulik representing the Agrarian Party faction, Anatoliy Lukyanov representing the Communists, Konstantin Zatulin representing the Democratic Party faction, Sergey Zenkin representing the Party of Russian Unity and Accord faction, Viktor Sheynis representing the "Yabloko" faction, Viktor Zelenkin representing the "Russia's Choice" faction, Vladimir Zhirinovskiy representing the Liberal Democratic Party of Russia faction, and Lyudmila Zavadskaya representing the "Women of Russia" faction. Apart from these, the commission will also include Vladimir Bessarabov from the "New Regional Policy" deputies' group, Vembya Khulkhachiyev from the "Stability" deputies' group, and Igor Shichanin from the "Russia" deputies' group. Vladimir Isakov, chairman of the Duma Legislation Committee, has also become a commission member. Representatives of the Federation Council should also be working on the commission.

Duma Decree Urges Lifting of Iraq Sanctions

MM2605103395 Moscow ROSSIYSKAYA GAZETA First Edition in Russian 26 May 95 p 5

[Decree of the State Duma of the Russian Federation Federal Assembly No. 773-1 SD, signed by State Duma Chairman I.P. Rybkin in Moscow on 17 May 1995: "On the Question of Lifting the Economic Blockade of the Republic of Iraq"]

[FBIS Translated Text] Attaching great significance to the problem of a final settlement of the situation in the

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Persian Gulf region, including the lifting of sanctions against one of the region's countries — the Republic of Iraq;

observing that certain positive results have been achieved in the implementation of UN decisions on Iraq, in particular the official recognition by the Republic of Iraq of the sovereignty and international borders of the State of Kuwait and the progress in identifying and destroying stockpiles of weapons of mass destruction, means of delivery, and capacities for their production on the territory of Iraq banned by UN Security Council Resolution No. 687 of 3 April 1991;

noting that the Iraqi side continues to cooperate with the UN Special Commission on the Disarmament of Iraq, that it is not hindering oversight and monitoring of its military programs, and that no activity banned by international agreements and UN decisions has yet been detected at any of the monitored facilities which are under the constant monitoring of the said Commission;

expressing the hope that in the course of further cooperation between the Republic of Iraq and the UN Special Commission on the Disarmament of Iraq all questions concerning military programs that were formerly being implemented by Iraq will finally be clarified; and

reaffirming serious concern in connection with the extremely grave socioeconomic situation that has taken shape in the Republic of Iraq as a result of the international sanctions imposed more than four years ago, including the trade and economic, sea, land, and air blockade of Iraq;

the State Duma of the Russian Federation Federal Assembly resolves:

1. That the Russian Federation Government be instructed, in the event of a positive finding by the UN Special Commission on the Disarmament of Iraq regarding the fulfillment of the disarmament section of UN Security Council Resolution No. 687 of 3 April 1991, to urge the UN Security Council to adopt a decision to lift the embargo on the export of oil and goods produced in the Republic of Iraq.

2. That in the course of the UN Security Council's discussion of decisions on the partial lifting of the embargo on the export of oil from Iraq the Russian Federation Government take steps to safeguard Russia's economic interests, including the extinguishing of the debt of the Republic of Iraq to the Russian Federation.

3. That the Russian Federation Government be recommended to step up work to prepare firm positions for the development of cooperation between the Russian Federation and the Republic of Iraq following the lifting of international sanctions against the Republic of Iraq by the United Nations. That every assistance be given to Russian enterprises and organizations in studying mutually advantageous areas of development of economic ties with Iraq on the basis of the possibility of implementing projects as the sanctions regime is eased. That the scale of humanitarian deliveries to Iraq be increased, bearing in mind that the fate of hundreds of thousands of people belonging to the most vulnerable population groups depends on this.

[Signed] I.P. Rybkin, chairman of the State Duma of the Russian Federation Federal Assembly

[Dated] 17 May 1995, Moscow, No. 773-1 SD

Duma 'Condemns' Bill on Cuba Sanctions

MM2605092595 Moscow ROSSIYSKAYA GAZETA First Edition in Russian 26 May 95 p 5

[State Duma Decree No. 772-1GD, signed by Chairman I.P. Rybkin in Moscow on 17 May 1995: "On the Russian Federation Federal Assembly State Duma Statement 'In Connection With the U.S. Congress Examination of the Bill Envisaging Tightening the Economic Blockade Against Cuba'"]

[FBIS Translated Text] The Russian Federation Federal Assembly State Duma decrees that:

1. The appended Russian Federation Federal Assembly State Duma statement "In Connection With the U.S. Congress Examination of the Bill Envisaging Tightening the Economic Blockade Against Cuba" shall be adopted.

2. The chairman of the Russian Federation Federal Assembly State Duma shall be instructed to bring the contents of this statement to the attention of the U.N. secretary general, the U.S. President and the U.S. Congress, the president of the Cuban Council of State, and the president of the Cuban National Assembly of People's Power.

[Signed] I.P. Rybkin, chairman of the Russian Federation Federal Assembly State Duma

[Dated] 17 May 1995, Moscow, No. 772-1GD

State Duma Statement in Connection With the U.S. Congress Examination of the Bill Envisaging Tightening the Economic Blockade Against Cuba

The Russian Federation Federal Assembly State Duma,

— noting its adherence to the principles set out in the State Duma statement of 14 October 1994 on the lifting of the economic blockade against Cuba;

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— upholding the principles of the sovereign equality of states, the rights of peoples to self-determination, and freedom of international trade;

— bearing in mind the close economic cooperation over many years with Cuba and the Russian Federation's interest in maintaining and developing Russian-Cuban bilateral ties on a renewed mutually advantageous basis; and

— deeming the U.S. embargo against Cuba to be a holdover from the Cold War that prevents the opening up of Cuban society:

1. Condemns the so-called "Helms-Burton" bill put before the U.S. Congress envisaging the expansion of the U.S. economic embargo against Cuba and the adoption of sanctions against countries and persons having a trade and economic relationship with Cuba as incompatible with the principles of international law.

2. Calls on the U.S. Congress not to pass this bill.

Hearings Held on Army Withdrawal From Moldova

MM2505113195 Moscow KRASNAYA ZVEZDA in Russian 25 May 95 p 3

[Report by Vladimir Yermolin: "When Will the Russian Troops Leave Tiraspol? On Tuesday 23 May Parliamentary Hearings Were Held 'On the Position of the 14th Army and the Conditions and Prospects for Peaceful Settlement of the Conflict in the Dniester Region'"]

[FBIS Translated Text] The Parliament Center hall may never before have been so thronged with representatives of the press. As Deputy Konstantin Zatulin, who chaired the hearings, noted, "today it is not only a question of the fate of one Russian army, but of the fates of hundreds of thousands of people and the future of Russian-Moldovan relations."

As you know, the cause of all the fuss is the withdrawal of the 14th Army from the Dniester Region. It is common knowledge (even the Moldovan side does not deny it) that this army not only helped to move the armed conflict toward a peaceful settlement, but also played and is to this day playing the role of a stabilizing factor in the region. Nobody can guarantee that war will not break out again there when the Russian troops leave. The dialogue between Tiraspol and Chisinau is clearly not going smoothly. The second point is the mountains of weapons and combat equipment concentrated today on the territory of the Dniester Region and under the control of the 14th Army. Some 49,400 firearms, 805 artillery guns, 605 armored vehicles, 4,000 trucks and other mobile systems — both Chisinau and Tiraspol would like to get their hands on this arsenal. In any case, the threat looms of a repetition of the "Chechnya scenario;" that is, the involvement of army guns in tackling national-territorial problems, as Lieutenant General Aleksandr Lebed, commander of the army, said at the hearings.

It was these worrying misgivings that permeated the parliamentary hearings. In the course of the evidence of responsible persons, in particular, Lt. Gen. Aleksandr Sokolov, first deputy commander in chief of the Ground Forces, it became clear that there is no question of the immediate withdrawal of the army. Under the bilateral agreement, the withdrawal will begin from the time of ratification of the agreement by the State Duma and is scheduled to take place over a three-year period. The State Duma, judging by its March decree, is far from intending to ratify the aforesaid document. Furthermore, a number of factions have drawn up a draft law providing for a moratorium on the reorganization of the 14th Army's structures and the removal and destruction of ammunition, military hardware, and arms "pending fulfillment of the necessary conditions relating to a political settlement of the Dniester conflict." Thus the 14th Army problem will certainly not be resolved in a hurry. It would be nice to believe this, especially since questions of the full financing of such a large-scale "resettlement" of troops are far from being resolved. The question of housing for the army's servicemen is also still in the air.

It would also be nice to believe that this problem will not become a bargaining counter in the political game. At all events, in the course of the hearings attempts were made to "score points" in the election race, so to speak.

Petrovskiy Criticizes Pullout

LD2505135995 Moscow ITAR-TASS in English 1345 GMT 25 May 95

[By Ivan Novikov]

[FBIS Transcribed Text] Moscow May 25 (ITAR-TASS) — Geopolitical interests of Russia require the presence of the Russian 14th Army in the Dniester region, a news conference was told today by a State Duma delegation which had visited the region earlier.

The State Duma previously had passed a resolution which recommends Russian President Boris Yeltsin to stop the reshuffles the Defence Ministry ministry plans in the 14th Army's command.

"The peacekeeping role of this army is evident," Leonid Petrovskiy of the Duma's Communist Party faction told the conference.

Petrovskiy recalled that Ukrainian-American military exercises had been held in the vicinity of the Russian

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border. With this in mind, Russia's military pullout from the Dniester region would be injudicious, he said.

Petrovskiy called for giving the 14th Army the status of a military base and for Russia's more outspoken policy towards Moldova and the Dniester region, its breakaway enclave whose bulk are Russian-speakers.

Duma Approves Draft on Arsenal Safety in Moldova

LD2505090695 Moscow INTERFAX in English 1948 GMT 24 May 95

[FBIS Transcribed Text] Moscow, May 24 (INTERFAX) — The Russian State Duma approved in the first reading today a draft law on ensuring safety of military arsenals in the zone of the Russia 14th Army's Stationing in Moldova. A total of 227 deputies voted "for" the draft with two votes "against" and five abstentions.

The draft law provides for imposing a moratorium on reorganization of the management structures of the 14th Army, reducing its number and its withdrawal until necessary demands on political settlement of the conflict in the Transdniester Region are fulfilled.

The draft also provides for ensuring the financing of the Russian 14th Army in the Transdniester Region from the federal budget, to come from a special item in the '96 budget. The federal budget for 1996 is also expected to include funds for the destruction of armaments which cannot be removed from the Transdniester Region.

In line with the draft law, the 14th Army will be supplied with personnel from men due for call-up in Russia.

The State Duma also adopted a resolution on ensuring the safe storage of all armaments belonging to the 14th Army. The resolution was drafted by the Yabloko parliamentary faction.

In accordance with the resolution, the State Duma recommends that the Defense Ministry urgently take measures to strengthen control over military warehouses in the Transdniester Region and that the Russian government foresee the expense of maintaining and guarding arms storage facilities in the '96 federal budget.

The State Duma will create an interim commission for evaluating the legal status of the Russian 14th Army and the state and safety of its military warehouses.

Duma, Council Ratify Treaty With Belarus

LD2505102995 Moscow INTERFAX in English 0810 GMT 25 May 95

[FBIS Transcribed Text] Moscow, May 24 (INTERFAX) — The Russian State Duma (lower house of parliament) ratified without discussion Wednesday the Friendship, Neighborliness and Cooperation Treaty with Belarus signed by the heads of the two states on February 21, 1995 in Minsk. The Belarusian side ratified it on April 12.

According to the ruling of the CIS Affairs Committee of the Duma, the treaty is a purely political framework agreement declaring the intentions of the two sides to promote friendship and cooperation. It reflects the strategy of further rapprochement of the two countries.

The two sides pledged to proceed from the principles of mutual respect, sovereignty and territorial integrity, the inviolability of frontiers and the peaceful settlement of disputes and non-use of force or threat of force. They intend to closely cooperate with the purpose of preserving peace, strengthening stability and regional and global security.

A total of 130 members of the Federation Council also unanimously ratified the treaty Wednesday.

Chubays Appoints Panskov To Examine Budget

MM2505142495 Moscow ROSSIYSKAYA GAZETA First Edition in Russian 25 May 95 p 6

[Russian Federation Government Directive No. 669-d, signed by First Deputy Premier Chubays in Moscow on 18 May 1995]

[FBIS Translated Text] 1. The draft federal law "On the Quarterly Distribution of Federal Budget Income and Expenditure for 1995" shall be submitted to the Russian Federation Federal Assembly State Duma.

2. Russian Federation Finance Minister Vladimir Georgiyevich Panskov shall be appointed the Russian Federation Government's official representative when the Russian Federation Federal Assembly chambers are examining the draft federal law "On the Quarterly Distribution of Federal Budget Income and Expenditure for 1995."

[Signed] A. Chubays, first deputy chairman of the Russian Federation Government

[Dated] 18 May 1995, Moscow, No. 669-d

State To Retain Control of Investment Policy

MK2505115095 Moscow KOMMERSANT-DAILY in Russian 25 May 95 p 2

[Report by Andrey Bagrov under the "Parliamentary Hearings on Investments" rubric: "The Role of the State in the Investment Process Still Causes Disputes"]

[FBIS Translated Text] The participants in legislative hearings, "Problems and Prospects of Regional Invest-

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ment Policy in the Russian Federation," were to resolve a fairly difficult question: Who is supposed to resolve the Russian investment crisis. The recommendations proved to be quite simple: The state should concentrate all efforts on stimulating investments, but not necessarily at the expense of the budget. It can do this, for example, by exercising control over Sberbank.

In spite of the fact that the hearings were formerly devoted to regional investment policy, the participants discussed rather Russian-wide investment problems, apparently agreeing with the statement of Deputy Economy Minister Vladimir Kossov, who opened the discussion: "Investment policy may have a regional aspect, but in any event it has a statewide character."

In principle all participants in the hearings mainly discussed one problem: the role of the state in stimulating investments. The problem is quite natural: Somebody must be responsible for overcoming the current investment crisis. Kossov complained that at present, investments in Russia constitute a mere 2 percent of GDP, while in the developed countries they comprise 7-8 percent; for his part, Mikhail Delyagin, deputy chief of the Presidential Analysis Administration Economic Department, noted that the Russian economy is generally faced with the destruction of the production potential: whereas in 1992 investments in basic assets exceeded their depreciation by 40 percent, in 1993 by 20 percent, and in 1994 by a mere 5 percent. The original draft recommendations of the hearings included a radical idea: In working to overcome the investment crisis, the bet should be placed only on state investments. The majority of speakers, however, considered such a position too categoric (especially given that the state today simply has no requisite investment resources). Vladimir Kossov in particular recalled the government concept whereby the state is ready to finance only 20 percent of investment projects provided private capital supplies the remaining 80 percent. Mikhail Delyagin stressed that centralized capital inputs alone cannot salvage the situation if only because in 1994 only 66 percent of the federal investment program was financed, and it was executed by a mere 30 percent. According to Delyagin, even now the bet should be placed on the non-state sector, "whose potential is growing in spite of the crisis." It is noteworthy that the idea of using exclusively state financing was opposed at the hearings especially vigorously by Aleksandr Khandruyev, deputy chairman of the Central Bank, who stated that the budget share in investments today is merely 13 percent while the bulk of investments comes from the enterprises' own funds.

On the other hand, nearly all participants in the hearings agreed that the state should not fully abandon control of the investment process. For instance, Khandruyev indignantly rejected a supposition that the sale of Sberbank shares will destabilize Russia's stock market and damage state investment policy: "The Central Bank will certainly get rid of these shares, but this does not necessarily mean that they will cease to be state-owned." Mikhail Delyagin stated that the state should necessarily preserve control over Sberbank precisely because this bank so far remains the sole channel of household deposits against state guarantees. Promstroybank Chairman Yakov Dubenetskiy summed up the hearings in an original way: "Who will invest in a moribund economy, especially given that at least seven years is needed to get any real investments [as published]? Under these conditions state investments should continue at least as a stabilizing factor."

Duma Reopens Campaign for No-Confidence Vote

MK2605092095 Moscow SEGODNYA in Russian 26 May 95 p 2

[Report by Gleb Cherkasov under the "Criticism" rubric: "Duma Resumes Collection of Signatures for No Confidence in Government. Sergey Glazyev Hopes That Ordinary Duma Opposition Members Will Influence Their Leadership"]

[FBIS Translated Text] Sergey Glazyev, Duma economic policy committee chairman, yesterday announced the resumption of the collection of signatures for raising the question of no confidence in the government at a plenary meeting. Assuming that the work will be completed in the next few days, Mr. Glazyev said the signature campaign launched back in late April was halted at that time at the request of the leadership of opposition parties, who feared a dissolution of the Duma. Sergey Glazyev hopes that ordinary parliamentarians will be able to influence the stance of the opposition leaders. In Glazyev's words, the masterminds of the signature campaign are conducting talks with the Communist Party of the Russian Federation, the Agrarian Party of Russia, as well as with Grigoriy Yavlinskiy, who has not given the final answer yet.

Sergey Glazyev also said the Democratic Party of Russia legislative faction intends to go to the Constitutional Court on whether the president's edict suspending the elections of governors corresponds with the Constitution. A corresponding draft decree will be put to the State Duma Council. Glazyev thinks it appropriate to combine elections for governors with assembly elections.

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Regional Affairs

Further on Suspension of OSCE-Sponsored Talks in Chechnya

Talks 'Broken Off' After 2 Hours

MM2505150895 Moscow IZVESTIYA in Russian 26 May 95 p 1

[Report by Valeriy Yakov: "Difficult Start to Talks in Chechnya. The Machine of Death Cannot Be Halted"]

[FBIS Translated Excerpt] Talks to settle the Chechen conflict began under the auspices of the Organization on Security and Cooperation in Europe [OSCE] in Groznyy 25 May, even though most observers doubted until almost the very last moment that such talks were possible. The doubts were due not just to the numerous failures of previous talks but also to the fact that the federal forces and Dudayev's men had not heeded the OSCE's appeal to break off hostilities by 0000 hours 25 May. According to news agency reports the bombers and missile systems continued their "work" throughout the night in the republic's mountain region. [passage omitted]

When trying to forecast the results of these talks you cannot help drawing the most pessimistic conclusions. It is hard to believe in the possibility of compromise and an effective cessation of combat actions if you know about the determination of the Russian power departments' leaders to hold talks "only on the surrender of weapons and on a complete capitulation." A general made such a statement to an INTERFAX correspondent on the eve of the talks themselves. That has been the stance taken by the state's leaders for several months now: It is as though they do not realize that such terms are absolutely unacceptable to Dudayev and his immediate entourage. A president-general, especially a man of the mountains, will never lay down his weapons and raise the white flag.

But most probably the opposite is true — the authorities have known this perfectly well from the moment that they put forward their unacceptable ultimatums and are deliberately continuing to try to drive Dudayev's men into a corner from which there is only one way out — bloodshed. And as long as even one gunman continues to fire on the federal troops, this gives each batch of Russian commanders in Chechnya a free hand to use all the means at their disposal. However, to judge from the difficulty which the subunits of assault troops, marines, aviation, armored troops, missile artillery, internal troops, spetsnaz, and OMON [special purpose militia detachment] troops have had in capturing each village, the means at the commanders' disposal are clearly inadequate.

Literally the day before the talks began in Groznyy a high-ranking Russian military man who wished to remain anonymous told an INTERFAX correspondent that the operation to drive the illegal armed formations out of the Chechen foothills will take "at least a month." He said that the Combined Grouping of Federal Forces has been assigned the task of forcing the gunmen back into the remote highland regions.

Prior to this General Mikhail Yegorov, commander of the federal forces, had stated that on Wednesday [24 May] the subunits under his command would begin a "large-scale operation" to drive the gunmen out and consolidate their new positions. "Peace-loving" statements of this kind on the eve of the talks are enough to predetermine the results of this meeting. It is no wonder that the talks were broken off within two hours of starting and the representatives of the federal authorities quit the OSCE mission building refusing to comment on their departure. [passage omitted]

Talks To Resume in 'Next Few Days'

LD2505142295 Moscow ITAR-TASS World Service in Russian 1346 GMT 25 May 95

[By ITAR-TASS correspondent Gennadiy Yezhov]

[FBIS Translated Text] Moscow, 25 May — The talks aimed at solving the Chechen conflict, which started today in Groznyy under the aegis of the Organization for Security and Cooperation in Europe (OSCE), have not broken down, but were suspended and will resume within the next few days, a source at the Russian Government's press service told ITAR-TASS today.

According to the source, during the talks, which were attended by representatives of the federal authorities, the committee for national accord and Dudayev's representatives, the sides exchanged views and confirmed their original positions. The Dudayev side continues to insist on a cease-fire and the withdrawal of the federal forces from Chechnya. Representatives of the federal authorities have once again urged Dudayev's rebels to surrender unconditionally.

Despite the fact that the sides have not agreed yet on ways to achieve peaceful settlement, they decided to continue the talks within the next couple of days, the source said. No single specific decision will be made on the cease-fire until talks are resumed. However, he said, Russia's representatives described today's exchange of opinions as "constructive."

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Semenov: Military 'Consultations' Needed

LD2505142695 Moscow ITAR-TASS World Service in Russian 1403 GMT 25 May 95

[By ITAR-TASS correspondent Sharip Asuyev]

[FBIS Translated Text] Groznyy, 25 May — The main result of the first round of talks, which took place today in Groznyy, is that all the parties have shown the political will to settle the conflict by peaceful means. This was announced at a briefing here today by Nikolay Semenov, head of the territorial directorate of the federal bodies of power in the Chechen Republic, who represents the Russian side.

However, Semenov said that the settlement of the problem depends on the cessation of military action and disarmament, but these matters require the participation of the military command in the negotiations. He said the negotiations were suspended in order to hold consultations on these subjects.

Chechens Say Russians Unprepared

LD2505172595 Moscow INTERFAX in English 1636 GMT 25 May 95

[FBIS Transcribed Text] GROZNYY, May 25 (INTERFAX) — Russian-Chechen talks in Groznyy have been suspended because of Russia's unpreparedness, Movladi Udugov, spokesman for the Chechen separatist government told INTERFAX on Thursday.

But he did not rule out the possibility of a resumption of peace talks after preliminary consultations.

Udugov said the Russian team had walked out of negotiation, but he did not elaborate.

He reaffirmed that the Chechen side held on to its earlier demands including an immediate Russian pullout, the creation of internationally-controlled safety zones and storing of heavy weapons.

Head of the territorial administration Nikolay Yegorov and prosecutor general of the Dudayev government Usman Imayev led their delegations at OSCE-sponsored peace talks in Groznyy.

Dudayev Wants Process To Continue

LD2605104195 Moscow INTERFAX in English 0914 GMT 26 May 95

[FBIS Transcribed Text] ARSHTYY, Chechnya, May 26 (Interfax) — Dzhokhar Dudayev wants the negotiating process in Chechnya to continue, otherwise the war will daily cost the lives of dozens of men, a Chechen military spokesman said Friday.

He said that Dudayev is thankful to the OSCE mission in Groznyy which arranged a meeting in Groznyy Thursday between Chechen commanders and Russian federal officials.

The spokesman said that the meeting could be described as the first stage or talks or consultations, while the most important thing is that they took place at all and that they must continue.

Update on Battlefield Situation in Chechnya

Russia Seen Decreasing Air Raids

LD2505171295 Moscow INTERFAX in English 1548 GMT 25 May 95

[FBIS Transcribed Text] ARSHTY, Chechnya, May 25 (Interfax) — Russia has diminished the number of air raids on rebel positions from 8-12 a day down to three on Thursday, a Chechen military official told Interfax.

He said Russian aircraft had been dropping slow-time bombs for four days in a row which left five people wounded.

Two Chechen fighters were killed and four others injured in the course of several hours of fighting which broke out after Russian troops, supported by more than 100 units of armor, tried to smash the rebels' defenses outside Ishkhoy-Yurt on the Dagestani border Wednesday, Chechen sources said. However, the Russian troops had to retreat to their former positions late Wednesday.

Fierce fighting broke out again this morning near the southern village of Duba-Yurt as Russian tanks tried to break through Chechen lines to Dachu-Borzoy (30 kilometers south of Groznyy — IF), the Chechen army official said, but no word is given of casualties.

Russians Claim To Kill 123 'Militants'

LD2505171695 Moscow ITAR-TASS in English 1628 GMT 25 May 95

[By Olga Semyonova]

[FBIS Transcribed Text] MOSCOW May 25 (Itar-Tass) — Federal forces in Chechnya have killed 123 rebels and destroyed one armoured personnel carrier, three anti-aircraft guns, a mortar, three trucks, three rebel bases and 22 emplacements over the past 24 hours, said the press centre of federal allied operations in Chechnya.

According to the press centre, the federal forces also seized anti-tank guided missiles, five grenade launchers, 31 grenades, nine mines, 11 artillery rounds and some 6,000 rounds of ammunition.

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Reported casulaties of the federal forces are seven killed and 12 wounded.

Over the past 24 hours, 43 persons have been detained in Chechnya on suspicions of crimes. Investigations were started, Itar-Tass was told in the press centre.

Spokesmen for the Russian Interior Ministry said those arrests were a sign that law and order forces were regaining normal function in Chechnya despite the continuing combat.

Luzhkov May Step Down Over Moscow Money Woes

MK2505123095 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 25 May 95 pp 1-2

[Report by Anastasiya Kasyanikova: "'Something Is Happening to Me...' Rumors Fly Around Luzhkov"]

[FBIS Translated Excerpt] Rumors about Luzhkov's removal, which have taken on a new intensity during his absence, do not appear to have in any way embarrassed the Moscow mayor, who, right at the ladder of his plane, called all this speculation brazen lies. First, threats have emerged that compromising material will be declassified, then speculation has mounted in the Duma that an edict on firing Luzhkov has already been signed. Theories continue to abound. [passage omitted]

According to a theory disseminated by the "Ekho Moskvy" radio station, a presidential edict on Luzhkov's resignation does exist. But the mayor is allegedly to be suspended from duty while a probe is conducted. The edict was drawn up by the Security Council under Lobov. It then becomes clear why the Internal Affairs Main Administration chief and the Moscow prosecutor have been booted out. This also confirms [television journalist] Karaulov's words that the whole scandal over Yakubovskiy is an attempt to undermine Luzhkov. Yakubovskiy — the key bearer of compromising materials against officials of Luzhkov's rank — is very opportunely doing time in Kresty jail. His revelations will be set in motion as soon as somebody feels an urgent need to use them. [passage omitted]

Meanwhile, the first serious conflict between Moscow and the federal authorities, namely, between Luzhkov and Chubays, has completely dropped from the focus of attention. Still, the part of Chubays himself in plunging Moscow into its current financial plight is far from the least.

He appears to have taken too literally Yeltsin's order that "Moscow be left alone" in terms of privatization and decided to ignore it completely. A preferential loan to buy food, which was promised by Yeltsin and Chernomyrdin back at the end of last year, has never reached Moscow. In 1994, funds were released as late as February, for which reason lots of contracts nearly fell through. Now the situation is much worse — it is now May. Luzhkov, the stormy economic manager, will hardly be pleased with the fact that the already concluded contracts on food deliveries will not be fulfilled owing to a lack of money or that construction of the metro will continue only along the Lyublinskaya line. It is quite likely that, having found himself in a financial trap, the mayor may tender a request for resignation of his own accord. Certain members of the Moscow government do not rule out such a possibility either. Back one month ago this would have seemed unlikely and even nearly impossible. [passage omitted]

Volgograd Agrarian Party Leader Interviewed

954F2336B Volgograd VOLGOGRADSKAYA PRAVDA in Russian 13 Apr 95 p 2

[Interview with Ye. F. Novikov, chairman of the oblast organization of the Agrarian Party, by N. Ivanov; place and date not given; under the "Society and Politics" rubric: "Do Not Overstep the Bounds"]

[FBIS Translated Text] How many parties and how many original economic programs do we have? But, when Russians go to the ballot boxes, they will pay attention first and foremost to the person, according to our age-old tradition. What kind of leader is he?

Today we are talking with Ye.F. Novikov, chairman of the Volgograd Oblast organization of the Agrarian Party, about M.I. Lapshin, the leader of this party.

[Novikov] If facts are required to confirm that talent has not yet become extinct in Russia, it is enough to become familiar with the life of our leader. He is a Siberian-Altay by origin. When you hear a speech by Mikhail Ivanovich from the Duma rostrum, it is difficult to believe that just two years ago he headed a kolkhoz: The erudition, speech, and manners—all speak for themselves. Indeed, who of the current politicians is in a position to boast of two higher education diplomas—from the Agricultural Academy and the Institute of Foreign Languages? It is also interesting that M.I. Lapshin did not choose language specialization in an ordinary way: In addition to German, he knows Danish, Norwegian, and Swedish....

[Ivanov] How do you characterize M. Lapshin's political role, and who is he—one of the leaders of the opposition, or a supporter of the government? After all, it was the chairman of the APR [Agrarian Party of Russia] who recommended that Deputy Prime Minister A. Zaveryukha, and also A. Nazarchuk and N. Komov....occupy ministerial chairs.

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[Novikov] In my opinion, such a situation is possible only in Russia. Of course, the APR is an opposition-inclined party. But if it had not gotten hold of these government posts, would there really not have been a deepened crisis in our agriculture, which was hit not only by a painful change in the form of ownership, but also by the kind of division and subdivision that could in the future lead to the ruin of all modern technology? The present position held by M. Lapshin and the APR board on the whole (all three ministers are members of the board) at least makes it possible to defend the interests of the village somehow. Moreover, some changes for the better (for example, in the sphere of credit policy) are clearly evident.

Thus, Mikhail Ivanovich is a supporter of reasonable compromises. He senses very well the border beyond which compromises of any kind are impossible for an honest politician. According to his words, our party is not revolutionary but rather evolutionary, with a protective feature (which comes from the very nature of the peasantry, which in its essence is a protector of life). We are not a class party. We do not set the kolkhoznik against the farmer, or the city against the village. It is not here that the dividing line of Russia passes.

[Ivanov] The elections are approaching. And very likely there will be some who wish to accuse M. Lapshin and his party of being merely a "Trojan horse" of the communist movement.

[Novikov] I would like to quote one of Mikhail Ivanovich's publications about this: "I cannot and do not want to erase even one day from my communist past," he said. "But there is no reason for a severe sentence for those who stood under the banner of the Agrarian Party. We are not dissenters, we are not turncoats."

Thus, from my standpoint the leader of the APR is first and foremost a realist. He knows that it is impossible to enter the same stream twice, and this means that all the intimidation of "the specter of communism" with which the mass media are so generous, which are controlled by the democrats or moneybags, is simply ridiculous.

At the same time, should it be denied that in the past 70 years the ideals of social justice (and they have their beginning not so much in communism as in the communal nature of the Russian peasantry) have become so ingrained in the flesh and blood of our people that they can perhaps only be extirpated by breaking the genotype itself.

The ideal of social justice is the future of Russia. Otherwise we are doomed as a people. And then other languages and peoples will put our unique black earth to the plow....

[Ivanov] Nevertheless, does it not seem to you that M. Lapshin's idea of creating a general national agrarian party in the country, two-thirds of whose population live in cities, is too bold?

[Novikov] I think that a formal division of Russians into city dwellers and villagers is superficial. And not only because the roots of practically all of us originate in the village. City voters may not agree with our views. But they are vitally interested in the revival of the village. But who, really, will seriously believe that the uncle abroad will feed Russia with full value and good-quality food?

Moreover, I have become convinced that Mikhail Ivanovich realizes perfectly well the advantage of a union of agrarians for all workers who work in industries that are in one way or another associated with the creation of a village infrastructure, or with processing the products of the fields and farms.

At one time we calculated that of each ruble allocated by the state for the needs of the village, 80 kopeks return to the city. At the same time there is a sharp activation of branches that produce agricultural equipment, spare parts, fuel and lubricants, mineral fertilizer, and those engaged in construction. Is this not the key to the cessation of many years of slump, and to a revival of our national economy? Those city voters who support us, especially in the provinces, can be assured that their vote will not be wasted.

But I will also add that M. Lapshin understands: No matter how strong our party would be and however much trust Russians personally would show it, the time for any one person's individual decisions in Russia has passed. It is up to a coalition of all living, honest, and patriotic social forces.

Volgograd Oblast Economic Statistics

954F2336A Volgograd VOLGOGRADSKAYA PRAVDA in Russian 12 Apr 95 p 2

[Article by S. Troshina, Volgograd Oblast Statistics Committee economist: "'I Beg Your Pardon, You Are Fired,' or Trends in the State of Labor Relations in Our Industry"]

[FBIS Translated Text] I will hardly be revealing any secret if I say that the economic situation last year was characterized not only by financial instability and mutual nonpayments but also by periodic stoppages in production and increased hidden unemployment. The decisive role for industrial production here was played by

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demand restraints, including those associated with decreased investment activity, the difficult financial situation in agriculture, a reduction in military expenditures, and intensified competition from imported commodities in the domestic market.

These factors were manifest to the greatest degree in enterprises of the processing branches. The slump in production was particularly large in machine-building, and in light, chemical, and oil equipment industries. As a consequence, the number of enterprises standing idle or completely stopped is growing. On the whole in industry loss of work time increased 1.5-fold in comparison with 1993, and full-day idleness on the average per worker amounted to 25 days (in 1985—0.1 day).

In this connection, part-time employment remains a serious problem (short workday or short work week, and leave at the initiative of the administration); moreover, its scale is growing continuously. Thus, in 1994 the number of those working on such a schedule totaled about 178,000, or two-thirds of their total number (in 1993, respectively, 145,000 and 49 percent).

One of the most difficult consequences is the growing number of people who have been fired and are filling the ranks of the unemployed. In this respect "it did not go well" for 9,000 workers in 1994, of which 7,500 were in machine-building enterprises. As we can see, we have not yet reached massive dismissal of the work force....

It is typical that in establishing the reasons for the departure of workers, more than half are persons who quit of their own desire, at a time when the portion of dismissals in connection with the reduction in number of personnel during the year did not exceed 10 percent. The explanation is simple. Expectations of reorganization and reductions in staff causes workers to quit just as intensively as real dismissals. This is also confirmed by the increase in the number of citizens who quit of their own desire.

Together with the reduction in the number of workers as a whole in industry, employment increased in electric power enterprises and the fuel industry. At the same time, the threat of massive unemployment is becoming more and more of an issue. It is noteworthy that last year, of 8,800 persons who worked previously in industrial enterprises and applied to the employment service, it was possible to place about 30 percent in jobs. But at the same time only three out of 10 resumed work activity in industrial enterprises.

According to data from an investigation conducted, of 45 industrial enterprises that took part in a survey, 18 (i.e., 40 percent) reported a reduction in the number of workers up to the end of the first quarter of 1995, at a time when on the whole in Russia the number of such enterprises did not exceed even a third. At the same time it should be noted that the decline in utilization of industrial capacity in the second half of 1994 outstripped the reduction in number of workers. Thus, enterprises began more actively to discharge surplus manpower.

Together with this, annually, starting in 1990, the dependence of the dynamics of wages on the end results of work eased in industry. In practice, wages had to be raised all this time to the extent that prices increased. Nevertheless, even under such conditions a mechanism had to be set up to stimulate an increase in the output of products, enterprises' interest in developing production, the sale of produced products, and the receipt of profits. In order on this basis to discuss increased rates and salaries.

In 1994 the average monthly wage of workers in industry was established at a scale of 185,600 rubles, higher than 1993 by a factor of 3.6. Moreover, while up to 1990 wages increased at approximately the same rates in all branches, sharp differences appeared in recent years. Thus, while in 1990 the average monthly wage at electric power enterprises and the fuel industry did not exceed the oblast level, it exceeded it last year, respectively, by a factor of 2.2 and 2.5.

Delays in payment of wages spread almost everywhere. These problems were particularly characteristic for branches with a substantial slump in production. By the end of 1994, 29 percent of enterprises in industrial construction, 38 percent in machine- building, and 43 percent in ferrous metallurgy were unable to settle overdue indebtedness in payment of wages to their workers. According to the status on 1 January of this year, overdue indebtedness in the issuance of funds for use amounted to R20.7 billion, of which 42 percent is indebtedness of longer than a month. In 1994 the volume of overdue wage indebtedness increased by a factor of 3.4.

In connection with the worsening financial position, enterprises at the present time are not investing sufficient resources in replacing and modernizing equipment and improving technology. The operation of obsolete equipment results not only in a decline in economic indices, but also in increasing numbers of injuries and deteriorating work conditions. In 1994, 1,500 persons suffered from accidents in industrial enterprises of the oblast associated with production, for 33 of whom the injuries were fatal. The number of victims increased at electric power, fuel, chemical and oil equipment, woodworking, light industry, printing industry, and building materials enterprises. At the same time the average duration of disablement per victim was 24.5 days. In comparison

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with 1993, this indicator increased by 10.4 percent, and with 1990— by 20 percent. The most serious accidents were at such enterprises as the joint-stock company Volgogradenergo, Volga Orgsyntez, Volga Nitrogen-Oxygen Plant, Red October (the average duration of disablement per victim here reached 46-60 days).

In January-February 1995 the number of workers declined in comparison with the corresponding period of last year by 27,500 persons (9 percent of the total), including in machine-building enterprises—by 16 percent, and light industry—by 13 percent. The number of workers who were granted leave without pay, or partial pay at the initiative of the administration, amounted to 42,900 in January of this year. In February, by comparison with January of this year, the number of workers employed part-time increased (from 32,900 to 33,700 persons).

Kuzbass Poll Shows Election Apathy

954F2346A Kemerovo KUZNETSKIY KRAY in Russian 15 Apr 95 p 1

[Article from the information department: "Yavlinskiy Ended Up With the 'Women of Russia'"]

[FBIS Translated Text] Continuing, on order from the oblast administration, to study the sociopolitical situation in the Kuzbass, the "Public Opinion" fund last month asked representatives of various categories of the population this question: "If there were elections to the State Duma in the near future which party, bloc, or movement would you vote for on the party lists?" The majority of those questioned—20.6 percent—stated that they did not intend to participate in the voting, 16.6 found it difficult to give an opinion regarding this, and 9.5 percent gave other answers that were not included in the sociologists' report (possibly because of an "untranslatable" play on words).

The National Salvation Front, the Russian Social Democratic People's Party, and the New Politics Party are not mentioned at all among the local population and they would receive practically 0 percent of the votes. Not far ahead of them in terms of the level of popularity is the Derzhava Movement and Working Russia—0.9 percent, the Russian Movement for Democratic Reforms—1.1 percent, Democratic Russia—1.2 percent, and the Russian Unity and Accord Party—1.4 percent. Not much more confidence is expressed in the Agrarian Party of Russia—2.9 percent, and the National Revival Party—3.4 percent, and further on the list with increasing numbers are the Democratic Party of Russia—4.1 percent, Russia's Choice—4.4 percent, and the Communist Party of the Russian Federation and the Liberal Democratic Party—6.1 percent each. The political movement Women of Russia unexpectedly left many "men's" parties behind, garnering 7.1 percent of the votes in the poll. And the undoubted leader, far ahead of all the other social formations, was the Yavlinskiy bloc, whose rating reached 12.8 percent. This requires no comment.

Kuzbass Industrial Decline Slowing

954F2346B Kemerovo KUZNETSKIY KRAY in Russian 22 Apr 95 p 2

[Article by Vasiliy Popok: "In Addition to Successes, There Are Also Achievements"]

[FBIS Translated Text] The results of the first quarter in industry were a pleasant surprise to its organizers—99.1 percent for all types of property that produces anything. And for large enterprises this figure was 99.7 percent. Of course this is in relation to the first quarter of last year, which was fairly bad— more than 20 percent behind the preceding year. But the year before last, in turn, could not keep up with the one before that....and so forth—back to the beginning of the renowned new historical period.

But still, as Anatoliy Pronin, deputy chief of the oblast administration, said: "The rates of decline have slowed up." That is, the descent into the economic abyss has become smoother and one can enjoy the scenery.

What can we see? Unfortunately, we can see that light industry and the construction industry have fallen hopelessly behind. The market has been taken over by competitive foreign goods, and our sewing workers and footwear workers cannot catch up with them since they are not making fundamentally new products, and they are not making them because they do not have the money to introduce fundamentally new technologies or even simply to maintain their fixed capital. We are doing little building—there are no sales of construction materials, even good Topki cement, which received an award of honor in Madrid not so long ago. There is not much interest in our cement abroad either—apparently they have already built everything they need it for.

One cannot say that the chemists have been terribly successful. The retardation of the rates of decline in this branch must be attributed basically to the Kemerovo Azot Association, which has increased production to downright indecent figures, evoking nostalgic reminiscences of the Stakhanovite Movement: 120 percent—caprolactam, 128 percent—ammonia, 160 percent—mineral fertilizers (let me remind you— this is compared to the level of the first quarter of last year, which was unsuccessful).

The coal miners were not especially successful, but they did not fail either—99.3 percent of last year's production, if coking coal is taken into account along

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with energy sources. And they produced more coke—this indicator is 108 percent.

An effective demand for coke appeared. Who was the buyer? The metallurgical heroes and advanced workers of the first quarter of the 10th year of perestroyka, naturally. They produced 20 percent more finished rolled metal than they did a year ago. The same thing was true of both iron and steel. Today (along with aluminum and coal) this is the main export product of the Kuzbass. Incidentally, exports increased on the whole by 27-28 percent and, again, metallurgy accounted for 70 percent of this increase.

Again there were complaints about rail transportation—the well- known slogan "the Kuzbass needs empty cars" regained its former timeliness. They say that in our oblast many "sick" cars have accumulated and they must be sent somewhere for repair. As soon as the cars are repaired, the consumers will receive 7 million tonnes of coal that are in danger of self-combustion in the warehouses because, as the main industrial leader of the oblast, Anatoliy Pronin, said, there is no problem with coal sales today.

There is another problem—the aging fixed capital. Aman Tuleyev never tires of repeating that the wear and tear on equipment has already passed the critical point—50 percent (and in the coal industry—70 percent). In order to get this trump card out of the hands of the critics, our administration and our government have been thinking of how to get money from the population in order then to put this money into the investment process. The experience of MMM, Khopra, Germes, and other, to put it crudely, underhanded offices comes in handy here—the government intends to construct its own financial "pyramid," frequently paying the preceding investors with money from subsequent ones and investing some of the money taken from their compatriots into industry. It is thought that we ordinary people are rolling in money, which is good, but it is bad that all this money is being gathered by Mavrodi and not Chernomyrdin. The advantage of the state's adoption of the experience of the latest Russian rogues is that the rogue takes what he wants and then hides, but the state does not hide, there it is, outside the door....

Incidentally, even if money for investment is found, a quick return on it, unfortunately, cannot be expected. An example is the story of Kuzbassavtobus. Today a bus assembled in Kemerovo costs 280 million rubles. At the same time a Man or Mercedes that is used but still in working condition costs 90-100 million. But still we must set up production of our own buses. This is the opinion of the oblast's industrial leaders who have invested budget money in Kuzbassavtobus. When the output of domestic means of transportation increases, the production cost will decrease. And, I add optimistically, our buses will be better than those of the Mercedes firm. Or am I going too far with my optimism?

Organizational restructuring is seen as another way of making production effective. Incidentally, this is another method that has long been tested in Russia and the USSR. As of today the task is to create the Siberian Mining Company. The West Siberian Metallurgical Combine, for example, has already taken several mining administrations under its wing (and at the same time—the Yurginskiy Abrasive Plant, which can process manganese ore which our industrialists intend to mine in the region of the still pristine Podnebesnyye Zubya) and will give them money for maintaining production. The next step is the unification of Zapsib and the Kuznetsk Metallurgical Combine: then, possibly, they will be joined by the ferrous alloy and aluminum plants. Well, and also the coke mines. Along with the energy production facilities. Plus the railroad. Ultimately the oblast administration's dream will come true—there will be a financial-industrial company in which the bureaucrats will find well-paid work.

All this, let me note, will take place against a background of a new pricing policy which the president will create with his edicts. State regulation of prices is being established for monopolists in the basic branches. This means, naturally, the fuel and energy complex, the railroad industry, etc. If the problem is solved, if the state can afford this regulation, then we will quickly move from today's successes of the "wild market" to tomorrow's successes of the regulated market....

P.S. All the ideas expressed above were included in the news conference given by Anatoliy Pronin, deputy chief of the oblast administration for industry, transportation, and communications.

MVD Fires Norilsk Criminal Investigations Chief

954F2361B Moscow IZVESTIYA in Russian 20 May 95 p 3

[Report by IZVESTIYA correspondent Aleksey Tarasov: "Scandal in Criminal Investigations"]

[FBIS Translated Text] Colonel V. Taskin, chief of the Norilsk Criminal Investigation Administration, has been fired from the Ministry of Internal Affairs [MVD] with a bang. Under consideration is bringing criminal charges against him for abuse of an official position. Several other high-ranking officials in this polar city have been severely reprimanded.

Let us recall briefly the causes and circumstances of the recent change of authority in Norilsk, which

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IZVESTIYA has already reported. Krasnoyarsk Kray Governor V. Zubov fired Mayor V. Tkachev, who advocated the city's secession from the kray, and appointed to this position A. Popov, loyal to Krasnoyarsk. When the apparat commotion caused by this subsided, an item appeared in KOMSOMOLSKAYA PRAVDA accusing—and quoting as a source Norilsk racketeer leader Zhuravskiy—the new mayor of a score of crimes: organizing a group for apartment burglaries, getting rid of people he disliked, and ordering arson of the apartments of deputies who demanded an audit of his activities.

The Krasnoyarsk Kray UVD [Administration of Internal Affairs] checked out this information. So far, according to the Krasnoyarsk police, there is nothing to support these allegations, and they appear to be of a provocational nature. The UVD chief contends that the expose letter came to life at the initiative of the former mayor. At his request Colonel V. Taskin enticed Zhuravskiy, who is currently serving time in a correctional facility, into penmanship. In the opinion of kray UVD chief General B. Petrunin, the police have discredited themselves by getting involved in power squabbles, and using a criminal world "authority" at that.

Most likely, the Norilsk scandal will not end in just another resignation. An investigation is being conducted, and the results seem to be promising. According to representatives of the Krasnoyarsk authorities, mountains of compromising materials against former mayor Tkachev himself have been collected. Some of it has already been made public.

The Gulag principles of relations between the authorities and the population of Norilsk to a large extent have remained intact, and bureaucrats there do feel unaccountable to anyone. And they are right. This time, though, they have met their match. Krasnoyarsk interests have been encroached upon. And the kray leadership will do anything to prevent Norilsk leaving the kray.

Siberian Accord's Progress Detailed

954F2313A Novosibirsk DELOVAYA SIBIR in Russian No 16, 27 Apr-10 May 95 p 17

[Article by Gennadiy Vasilyev: "The Single Market of Siberia: Reality and Problems"]

[FBIS Translated Text] Omsk-Krasnoyarsk—As we have already reported, a session of the council of the Siberian Accord interregional association has been held in Omsk. Among the issues examined, three were of the most importance: the formation of a single food market of Siberia, spring-field operations, and the state of health of the population of Siberia.

As the session said, there is as yet no consummate concept of a single food market. It is a question merely of the first, "estimative" stage, so to speak. But the history of the question is rooted in the last century. Back in the 1830's the Senate adopted an edict on free trade on the territory of Siberia. This was connected with the need to provide with food the inhabitants of the center of Siberia at that time—the city of Tomsk—and the workers of the private goldmines. The grain and meat procurement officers brought the products of the countryside to the municipal administration, and there they were distributed further. In the latter half of the 19th century Siberia had, in fact, an evolved food market. Had it not been for the revolution and the abolition of commodity-money relationships, who knows how rich we would be today.

The procurements came to an end—production was wound down also. In just six years butter production in Altay declined almost sevenfold: Whereas in 1917 some 900,000 poods were churned, in 1923, only 132,000. And so it was with respect to practically all items.

What, though, is the situation now? By the end of the 1980's agricultural production in Siberia had, however strange, grown, and its volume was making it possible to resolve food problems without the participation of the center, in terms of a number of basic products, at least. By the start of the last decade of our century the population was consuming annually approximately 75 kilos of meat (more than 80 kilos per capita annually in Novosibirsk, Kemerovo, and Omsk Oblasts) and 414 kilos of milk and dairy products (once again, more even in some oblasts and Altay Kray). In recent years the situation has deteriorated sharply. According to statistics, the per capita consumption of meat in 1993 declined in Western Siberia by 18 kilos, and in Eastern Siberia, by 12 kilos, and of milk and dairy products, by 103 and 59 kilos respectively. This is on average. There are territories where things are altogether bad in terms of food supplies for the public—Buryatia, Tuva....

A principal cause of the current situation is the decline in agricultural production. The annual rate of this decline constituted 6 percent in 1991-1994. Whereas in previous years up to 19 million tonnes of grain had been produced in Siberia, the agricultural producers are now barely reaching 15 million tonnes. The production of meat and other products has declined. Generally, the conclusion is that everything is worse. But not everywhere. As before, Altay remains a grain-crop region, the Krasnoyarsk people have some reserves, and Omsk Oblast is, generally, in pretty good shape. Dairy product subsidies were abolished only recently there, incidentally, and Omsk still retains the lead among Siberian cities in terms of the inexpensiveness of food.

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In a word, there are oblasts and krays which might not be concerned particularly about the problem of where to obtain food, they are capable of feeding themselves and sharing with others. But, on the other hand, there are those that simply do not produce that same grain, say. In Khakassia, for example, practically 100 percent of the grain is, as its prime minister, who attended the council session, said, imported. So, having made arrangements among themselves, the surpluses could, possibly, be redistributed within Siberia? In some places by having settled accounts with one's partner and neighbor in actual cash, in others, by barter—fuel and lubricants, for example.

There is currently a paradox: While having in toto sufficient potential to prevent one another dying from starvation, Siberians are still importing food from other regions. Some 55,000 tonnes of meat were imported merely from outside of Siberia in 1993, and altogether, more than 100,000 tonnes. At the same time, on the other hand, more than 50,000 tonnes of the same meat of those who have a surplus of it left Siberia. Where is the logic in this?

The members of the Siberian Accord decided that for a civilized solution of the problem of the provision of people with food civilized commodity exchange is needed, a wholesale food market, that is. The details will come later, they will hardly be of interest to the reader at large. What is important, perhaps, is merely this. The Federal Food Corporation was by a decision of the government formed not that long since. It is essentially intended to perform the functions of state procurement officer. The corporation is endowed with great authority here, and product supplies per its "multiple purchase order" will, as I understand it, be of a compulsory nature. You do not have to be a specialist in economics or agriculture to understand that such a prospect could destroy the most well-meaning initiatives. Taking advantage of the presence at the session of the council of Aleksandr Nazarchuk, minister of agriculture and food of Russia, the members of the association devoted a heap of time to the question of the relationship of the corporation and the regions. And agreement was reached on nothing. The minister, it seemed, was not in the least prepared to listen to objections and criticism: He had come to do the lecturing!

One way or another, the council's decision to form a food market was adopted with the necessary amendments and addenda.

As far as the no less important question of the coming sowing campaign is concerned, its discussion was reminiscent of the party and economic activist meetings of recent times. All that same talk and complaints about the lack of fuel, seeds, fertilizer.... With one fundamental difference, though: No leader of the region is any longer about to count in earnest on the assistance of the state—this thought was present in almost every speech. How could it be otherwise when in response to the agricultural specialists' numerous appeals they are told at government level: "You have gone into the market—now no credit!" Since when, we would like to know, did lending cease to be a rule of the market?

And there truly is no fertilizer and much else besides. Unless there is a change in the situation, a considerable part of the areas could remain unsown even in this, relatively prosperous, region, according to Vladimir Kuzmin, deputy administration chief of Krasnoyarsk Kray. It makes no sense.

Medicine has in the hearts and minds of members of the council occupied less of a place than problems of the agro-industrial complex. The main thought is that people in Siberia take sick more than in Russia on average. Women bear fewer children. And the figures: The morbidity of pregnant women in Altay and in Novosibirsk and Kemerovo Oblasts amounts to 90 percent, and pathological births, 80 percent. The morbidity of newborn children in the past four years has almost tripled—550 of 1,000 infants are ailing. Adults also are no less sickly, and mortality has increased 19 percent (in the villages, 30 percent). The reasons are the environment (it is not for nothing that tumors constitute a high percentage of the total number of various illnesses) and inadequate diet.

The discussion would certainly have ended even more quickly had Eduard Nechayev, minister of health of Russia, not risen to speak. His speech lasted about half an hour and was, to put it as mildly as possible, of a somewhat muddled nature. It contained little in the way of common sense and was of no practical benefit whatever. He fulminated against insurance medicine. Some things truly have become unnecessarily complicated, possibly, but it is hard, to say the least, to agree that only a public system of health care is worthwhile. The minister gave the impression of not having been out of his Moscow office for quite a while.

The council considered other business also. After the session, which lasted a full working day, Leonid Polezhayev, chairman of the council and head of the Administration of Omsk Oblast, and certain other functionaries of the association held a news conference.

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Increased Cost of Bread Noted

954F2361A Novosibirsk VECHERNIY NOVOSIBIRSK in Russian 22 May 95 p 1

[Unattributed report: "Bread Prices Rise Again"]

[FBIS Translated Text] The oblast administration has approved new prices for bread and bakery items: A loaf of highest grade wheat bread now costs 1,800 rubles [R], rye bread—R1,300.

The city deputy assembly in April adopted a decision to not permit a rise in bread prices (of any kind) until 9 May. Naturally, after this holiday had passed, a price rise was inevitable. It was obvious to everyone that bread would have to cost more. Its price depends first of all on the cost of input materials (although the reserves of flour in the city are such that there is enough to bake bread until November), on inflation, and finally, on the cost of electric power. However, as the baking industry promised, there will be no sharp jumps in prices—there is no reason for them at this point. Novosibirsk bread producers also know how to bring down the price of bread, but this would require certain decisions on the part of the local authorities with respect to tax incentives.

Economic Issues

Ruble Gains Against Dollar on Moscow Exchange

LD2505140195 Moscow INTERFAX in English 1226 GMT 25 May 95

[FBIS Transcribed Text] Moscow, May 25 (FIA-INTERFAX) — The ruble was up three to 5,038 rubles per dollar at the end of Thursday [25 May] trading on the Moscow Interbank Currency Exchange.

Supply ran at $107.1 million, up $10.97 million on initial demand.

The session closed after the Bank of Russia intervened with $2.97 million and commercial banks withdrew their bids.

Dealers say buyers were cautious in light of currency bought Thursday only becoming available by May 30 when the Bank of New York opens again.

Today and tomorrow settlement rates on the off-exchange market ran at 5,004-5,007 rubles, indicating a further drop in the dollar rate.

Experts say many banks may start selling their foreign exchange on Friday because of higher interest being offered on ruble deposits.

Commercial banks sold and bought foreign currency at 4,900 rubles and 5,060 rubles respectively at 10:00 [0600 GMT] on Thursday.

Central Bank Announces New 100,000-Ruble Note

LD2505141795 Moscow ITAR-TASS World Service in Russian 1358 GMT 25 May 95

[FBIS Translated Text] Moscow, 25 May (BIZNES-TASS) — The Russian Central Bank announced today the introduction in monetary circulation of new 100,000-ruble banknotes as of 30 May. Along with the banknotes currently in circulation, the new banknotes of the Russian Bank must be accepted at their nominal cost for all kinds of payments, deposits, accounts, and postal orders throughout the Russian Federation.

Finance Ministry Hinders Farm Purchase Contracts

LD2605104395 Moscow INTERFAX in English 0914 GMT 26 May 95

[FBIS Transcribed Text] Moscow, May 26 (INTER-FAX) — The unreasonable stance taken by the Russian Finance Ministry about increasing the purchasing prices of farm products in April-June 1995 obstructs the purchases for federal and regional food reserves.

Aleksey Chernyshev, chairman of the State Duma Agrarian Committee, told INTERFAX Friday that contracts have been signed in mid-May on purchases of as little as eight million tonnes of grain compared to 12.1 million tonnes at the same time in 1994, 396,000 tonnes of oil-yielding seeds while 960,000 tonnes are needed for the federal needs alone, 1.3 million tonnes of sugar beet (six million), 236,000 tonnes of potato (930,000 tonnes), 1.3 million tonnes of meat and poultry (4.6 million tonnes), 9.3 million tonnes of milk (18.8 million) and 1.4 billion eggs (2.2 billion).

The purchasing prices have been increased in April-June by a factor of 1.15 "in line with the predicted inflation rate," the Economy and Agriculture and Food Ministries agreed. However, Chernyshev said, the Finance Ministry obstructs endorsement of the agreement by the Russian government saying that the price cannot be revised upwards.

The purchasing prices of farm products are to be revised quarterly under a government ordinance On Purchases and Supplies of Agricultural Products, Commodities and Foodstuffs for State Needs, the new prices to be announced no later than on the 20th of the month which follows the end of the quarter.

According to Chernyshev, the Agriculture and Food and Economy Ministries have suggested a minimal increase of prices because the actual price index increased in January-March by a factor of 1.4 rather than 1.15. The purchasing prices of wheat increased in the second quarter of the year by 17%, of sunflower seeds by 25%,

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of cattle (in live weight) by 20%, pigs by 17%, poultry and eggs by 20% and milk by 20%.

Ministry Predicts 80-Million Tonne Grain Harvest

MM2505140695 Moscow IZVESTIYA in Russian 25 May 95 p 2

[Report by Yelena Yakovleva: "Russian Sowing Campaign Successful. No Thanks to Lukoil and Yukos, But Rather Thanks to God and Local Enterprise"]

[FBIS Translated Text] Around 80 percent of the area under crop has already been sown in Russia. The sowing campaign is only under way in Siberia and the Far East, and is virtually complete in European Russia.

It was only the torrential rains in Krasnodar Kray that severely spoiled the picture at what were by and large the optimum times for the sowing campaign. So far 500,000 hectares have remained unsown there and, since the Krasnodar plowland is highly intensive, that is a considerable lag. The fields are being urgently sown to late crops during the last few days of fine weather.

Kurgan, Orenburg, Saratov, and Volgograd Oblasts and part of Omsk Oblast on the contrary have ended up with drought conditions. But the weather is always like that in Russia: In some areas there is a drought, in others there are floods, and elsewhere there are frosts.

This is the first year without any problems with seed. Ivan Gridasov, chief of the Ministry of Agriculture and Food Main Administration for Crop Farming, believes that crop farmers were assisted by state reserve seed stocks. Each oblast has these stocks at seed depots as well as at the commercial enterprises, which undertook to fulfill the order to form these stocks. Last year there was a shortage of onion seed; this year this seed has also been in great demand. In some areas there has been a shortage of sunflower and spring wheat seed, which is due to the great demand for these crops and the expansion in the area sown to them.

Despite the government decree on compensation for the cost of fertilizers, the latter were in chronically short supply. Regrettably, the compensation rulings only drove up prices of fertilizers. This year prices of mineral fertilizers on the domestic market have verged on the world price. The price for many categories of grain lags behind — and considerably at that. Whereas in the late eighties people in Russia used around 110 kg of fertilizers (actual weight) per hectare, now specialists claim that the figure is one-tenth of that. Needless to say, some things will grow in the fields with old dressings of fertilizer, but you cannot operate like that for long.

The fuel and lubricant situation was the worst during the sowing campaign. Despite the order obtained by the oil companies Rosneft, Lukoil, Yukos, and others that private farmers and collective enterprises be supplied with fuel and lubricants in the form of commodity credit **at 10 percent**, nothing was supplied for the sowing campaign. The decision so clearly did not benefit the companies and the order took so long to be signed that the sowing campaign had been and gone. People are now counting on commodity credit for the harvest but they carried out the sowing with help from local budgets and their own economic enterprise. It looks as though all blame regarding the wrecked sowing campaign and the anticipated damage should always be apportioned in at least two quarters.

The area under crop this year has dropped by roughly the same amount as last year — around 5-6 percent. Sowing of feed crops has mainly declined due to the reduction in the number of livestock. The area sown to the crop in greatest demand — food wheat — has increased, Ivan Gridasov stressed.

The Ministry of Agriculture and Food believes that Russia will succeed in bringing in a harvest the size of last year's — **around 80 million tonnes** — and survive without grain imports if we can bring in what we have sown in a timely fashion, without losses.

Article Predicts Fall in 1995 Harvest Totals

MM2605091795 Moscow TRUD in Russian 26 May 95 p 1

[Article by Yelena Berezina under the "Details" rubric: "We Are Sowing Quickly, But Not Much or Very Well. According to Optimistic Assessments, the Russian Harvest in 1995 Will Be 10 Million Tonnes Less Than Last Year"]

[FBIS Translated Text] This year's sowing campaign is running into difficulties everywhere: in the south, where it was supposed to have been completed by now, and beyond the Ural Mountains. Of the planned 39.6 million hectares of early grain crops, 29 million hectares have been planted. Admittedly, the Agriculture Ministry is not disheartened and says we are a full 2 million hectares ahead of last year's level. For some reason, however, no one at that federal department or its regional offices can say how much grain will be sown this year. There can be no doubt, however, that it will not exceed the planned modest target.

The area for winter crops is a little over 14 million hectares — 1.5 million hectares less than last year. This means that at best the area planted in grain will be around 50 million hectares. Once again, this is several million hectares below last year's figure.

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The specialists are also expecting a modest grain harvest — no more than 14 quintals per hectare. If the grain ripens and the whole crop is threshed before the snow comes, we will have a harvest of 70 million tonnes.

There are, however, other factors in the equation. First, virtually no fertilizers have been applied to the soil and soil fertility has fallen sharply. Last year the grain harvest was 15 million tonnes less than the 1993 figure because of the shortage of fertilizers, among other things, and this year a decrease of 10 million tonnes is expected. No more than one half of the equipment is in working order in the countryside now and is dreadfully dilapidated.

Of course, the weather is not ideal everywhere. The level of moisture in the soil in traditional grain producing regions like Orenburg, Volgograd, and Saratov Oblasts is at most 60 percent of the norm today. The summer is hot in those places, and drought threatens to kill the crops. Meanwhile, other grain growing areas have different problems. Krasnodar Kray and some rayons in Rostov Oblast and the Stavropol region cannot even complete the sowing because of the excessive rain.

The government was very slow in resolving the problem of the supply of fuels and lubricants to the countryside. The fuel situation was critical in April and the first half of May. Grain growers had only one fourth of the gasoline needed for field work and only 27 percent of the required quantity of diesel fuel. Then Moscow gave instruction to issue fuels and lubricants to the countryside in the form of commodity credits but the center's orders are still not being fulfilled. As we were told at the Agriculture Ministry, some oil refineries are continuing to demand prepayment from the peasants.

In some places the local authorities came up with an instruction of their own — pay for your fuel using meat. The meager dairy herd is already being sent for slaughter.

Commission To Revamp Fuel, Energy Complex

MK2605072095 Moscow SEGODNYA in Russian 26 May 95 p 1

[ANI report: "Government Creates Commission To Transform Fuel and Energy Complex"]

[FBIS Translated Text] By its own directive, the Russian Federation Government has created a commission in order finally to form oil companies and complete structural adjustments in the oil complex. This was reported yesterday by a source in the cabinet of ministers. According to the source, the commission will be made up of leaders of the Fuel and Energy Ministry, the State Committee for the Administration of State Property, the State Anti-Monopoly Committee, and "Rosneft" enterprises. They have been tasked with completing, within a month, the formation of oil companies, as well as the public floating of state-owned enterprises of the oil complex whose blocks of shares are to be turned over to "Rosneft."

Official Urges Action To Stimulate Investment

LD2505211395 Moscow ITAR-TASS World Service in Russian 1451 GMT 25 May 95

[By BIZNES-TASS correspondent]

[FBIS Translated Text] Moscow, 25 May (BIZNES-TASS) — "The stimulation of investments is becoming the state's most important task, and the time we have been allocated to resolve it is already running out," Mikhail Delyagin, acting head of the economic department of the Russian president's analytical directorate, stated in an interview with BIZNES-TASS.

He believes that after the autumn 1994 crisis, it became clear that the reserves for a purely monetarist suppression of inflation had been exhausted. Inflation is increasingly assuming a structural nature, and correcting the structure of the economy is possible only through increasing investments.

At present Russia is on the verge of "using up" its production potential, the presidential analyst believes. Whereas in 1992 investments in basic assets in Russia exceeded their consumption 1.4 times and 1.2 times in 1993, in 1994 they were only 5 percent higher.

"The trend is evident and it is time to fight against it," M. Delyagin concluded. He said that virtually all urgent measures to stimulate investments had been reflected in the recommendations drawn up by the president's analytical directorate and the Russian Federation Economics Ministry.

International Investment Policy Conference Held

954E0993A Moscow KOMMERSANT-DAILY in Russian 13 May 95 p 2

[Article by Konstantin Levin under the "Investment Policy" rubric: "Russian and Foreign Investors Are Twin Brothers"]

[FBIS Translated Text] The investment boom in Russia this year apparently will become reality. Practically all the speakers in their presentations yesterday at the international conference "Russian Enterprises in Search of Investment" agreed that from the end of 1995 to the beginning of 1996, a substantial growth of investment activities will take place in Russia. However, in the

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conference participants' opinion, dreams of investment will come true only if the creation of a normative base for the protection of investors' rights and an extensive securities market infrastructure are completed soon. As to the habit of counting exclusively on foreign investors, judging by the mood of conference participants, this has given way to a confidence that domestic investment will play a major role. Money of Russian origin is stashed under mattresses or in Western bank accounts.

Better Less But Better

The initiators of the international conference "Russian Enterprises in Search of Investment" (organized by the Moscow Public Committee on Investors' Rights and sponsored by Morgan Grenfell and the Bank of New York) pursued as a minimum two goals: first, to bring potential investors directly together with the Russian directors corps, and second, to provide for Russian entrepreneurs an opportunity to learn first-hand the Russian Government's plans in the area of incentives for and protection of capital investment.

It is not a coincident that the conference work began with speeches by Minister of the Economy Yevgeniy Yasin; Central Bank Deputy Chairman Andrey Kozlov; GKI [State Committee for the Administration of State Property] First Deputy Chairman Alfred Kokh (see more on Kokh's speech on page 6); and Dmitriy Vasilyev, deputy chairman of the Federal Securities and Exchange Commission. The main thread running through their presentations was the idea of a possible pick-up in investment activity in Russia as early as the summer of this year. Both the government and banking bureaucrats displayed considerable optimism. Moreover, in Kozlov's opinion, an investment boom is quite possible this summer if the government and the Bank of Russia manage to implement three necessary conditions. First of all, the gap between investment projects' profitability and financial speculation must be eliminated. The yield from investment in foreign currency already has fallen off sharply because of the May stabilization of the currency exchange rates; the yield from the GKO [short-term state bonds] does not exceed 170 percent. Andrey Kozlov believes that if the government and the Central Bank manage in the near future to reduce the yield from any financial operations to 100 percent or less, this will produce a real opportunity for a sharp increase in capital investment in the most effective investment projects. In addition, what is needed is the availability for major issuers of reliably functioning financial instruments and normalization of the stock market infrastructure.

Yevgeniy Yasin was more cautious in his appraisal of the prospects for the investment market. He said right away that Russia is going through an investment crisis (investment has declined by 40 percent since December 1992), which, paradoxical as it may sound, is even beneficial for the Russian economy. In Yasin's opinion, the country is going through a transition from the old system of investing, which was characterized by a large volume of capital investment and low effectiveness, to a new, more effective and low-volume investment regime. The program of revitalizing investment activity, in the opinion of both Yasin and Central Bank representative, rests on three pillars: financial stabilization (Kozlov promised this as early as by the end of this year), reducing investment risks, and — most importantly — direct state incentives for private investment.

The Russian Investor Is Closer Than the Foreign One

The abundant presence of foreign participants in the conference did not result in a bias toward discussing the current state of only foreign investment. Actually, some of the speakers, particularly State Duma Deputy Grigoriy Tomchin, were even inclined to accuse potential foreign investors of being reluctant to study Russian legislation in the area of privatization, which has already resulted in a fiasco for Siemens as it attempted to participate in St. Petersburg Elektrosila's conversion to joint-stock holding. Government bureaucrats participating in the conference shared the belief that foreign investment will take second place to Russian private investment. Nevertheless, investors share common problems, and resolving them will benefit both Russian and foreign investors. In Dmitriy Vasilyev's opinion, the important part right now in the area of protecting investors' rights is to ensure information transparency with respect to enterprises in need of investment, as well as not permitting in the future the situations in which investors are arbitrarily struck out of stockholder registries and the capital is then "diluted" through new stock issues.

Thus, one of the main directions in the work of the conference was a search for ways to attract Russian capital into investment projects. For this purpose, the Federal Securities and Exchange Commission has produced draft laws that envisage creating in Russia shareholder investment funds and investment trust funds. These funds will help to attract both the money from the mattresses (at least $20 billion) and Western investment funds' money. [begin box]

Main Provisions of the Draft Law "On Investment Trust Funds"

— The purpose of investment trust funds' activities as organizations vested with the rights of legal entities is to attract investors' money and other property on the basis

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of a trust agreement with the subsequent distribution of profit between the investors in proportion to trust certificates (securities) owned by investors.

— Attraction of money or other property by trust funds does not constitute a loan operation, in connection with which, rules governing loan or monetary deposit agreements do not apply to these operations.

— Banks and other credit institutions, which attract investors' money on the basis of trust agreements they enter into with investors, are obliged within 60 days from the time this law goes into effect to separate their respective trust departments into independent investment trust funds.

From the President of Russia's Draft Law "On Additional Measures To Create Conditions for Investment Activity of Citizens in the Russian Federation"

— Investment activity of citizens and legal entities in Russia may be carried out by way of forming shareholder investment funds. A fund is set up by way of investors purchasing investment shares issued by the managing company, which must have a license authorizing it to engage in managing shareholder investment funds and issued by a federal commission.

— Investment shares are issued in nondocumentary form and the investor receives one certificate for all investments.

— The investor has the right to freely dispose of the investment share he owns. [end box]

Impact of Central Bank Law on Investors Examined

MM2605085995 Moscow ROSSIYSKIYE VESTI in Russian 25 May 95 p 2

[Article by Candidate of Economic Sciences Aleksandr Tyurin under the "Continuing the Discussion" rubric: "Savings Bank Investors Could Be Left to the Whim of Fate"]

[FBIS Translated Text] The Law "On the Central Bank of the Russian Federation" that was approved by the president the other day, by which the Central Bank must terminate its participation in the capital of the Savings Bank and the Vneshekonombank [Bank for Foreign Economic Activity], has provoked a debate in the press and considerable concern among Savings Bank investors (see ROSSIYSKIYE VESTI for 19 May). Before talking about how all this will affect the interests of depositors, it is necessary, however, to understand what lies behind the problem.

The law's provision to the effect that the Central Bank may not participate in the capital of other banks is correct from an economic viewpoint. The Central Bank, acting as the federal emission and reserve center, should not have any independent commercial interests. Throughout the world, state participation in the capital of commercial banks takes place via appropriate nonbanking state organizations: In our case this could mean the Finance Ministry or the Goskomimushchestvo [State Committee for the Management of State Property].

The problem is that it is not entirely clear what will happen to the block of shares that belonged to the Central Bank. This will determine various consequences of the planned step both for Savings Bank investors and for the economy as a whole. Most likely, the new owner of this block (51 percent of the bank's shares) will be the Goskomimushchestvo, and state control of the Savings Bank's activity will be retained. Even then, the question arises of the effectiveness of state guarantees for individuals' investments. The state officially holds the controlling block of shares, but in reality not all shareholders are the same. The Central Bank's financial potential ensured that in an emergency the Savings Bank's commitments to investors would be fulfilled one way or another. The Goskomimushchestvo does not have that potential, but as a state organ it can still fulfill the role of guarantor, albeit indirectly. Furthermore, it must be recalled that the Savings Bank is itself such a powerful and, in recent times, an efficiently operating financial organization (whose success, incidentally, was not determined by the Central Bank's participation in its share capital) that in virtually any situation it will be able to resolve its own problems.

More serious questions arise if one takes a long-term view of the situation. There is a reason for stating that the controlling block of Savings Bank shares will be transferred to the Goskomimushchestvo. If the state were planning to hold on to that block in the future, it would be more logical to transfer it to the Finance Ministry. Because it is being handed over to the department responsible for privatization, however, it can be assumed that the Savings Bank shares will later be sold, at least in part. The Goskomimushchestvo leadership has not yet clarified this issue but says that the state is going to retain a significant block of shares, although slightly smaller.

The state's loss of the controlling block will heighten the commercial banks' interest in buying up Savings Bank shares. If some of the shares, as Goskomimushchestvo Chairman Sergey Belyayev believes, will be sold "to a large number of private investors," then nothing can stop them from subsequently being bought up by large financial corporations on the secondary market. Here

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there is a real possibility of a basic restructuring of the Savings Bank's share capital, which introduces an element of unpredictability into the future results of its activity (we do not know what the orientation of the new strategic owners will be) and into its behavior toward depositors.

It seems that when such decisions are made no one worries about the ordinary small investor. Such a concern is not our government's style at all. Ill-planned and traditionally unexplained actions are yet again upsetting public opinion and undermining confidence in the state.

At present there are no adequate arguments to justify the state's abandonment of a controlling block of shares in the Savings Bank. In our country's circumstances, when 62 percent of the total sum of private deposits are in one bank, one cannot ignore the psychological makeup of people who are used to certain state guarantees (however ephemeral these may have been in many cases). If a mass withdrawal of money from the Savings Bank begins, that will do the depositors no good, and will undermine the Savings Bank's own potential by reducing its investment potential, adversely affecting various sectors of the financial market, increasing the demand for foreign currency, putting more pressure on the consumer market, and increasing inflation. I do not think our country's financial infrastructure is ready yet for the privatization of such a unique savings institution as the Savings Bank. This will become entirely acceptable and even economically expedient once a developed network of reliable savings banks has been formed and the population's money is more evenly distributed among them.

Minister Presents Three-Tier Pension Plan

MM2505150495 Moscow ROSSIYSKIYE VESTI in Russian 25 May 95 p 1

[Report by Yelena Vasilkova: "Basic, Labor, and Non-state. Old People Will Receive These Three Types of Pension"]

[FBIS Translated Text] At the end of last week Lyudmila Bezlepkina, Russian Federation minister of social protection of the population, addressed a government session and reported on the draft blueprint for the reform of pension provision.

"The reform is aimed primarily at improving pensioners' standard of living," Lyudmila Fedorovna stressed.

In recent years that standard has been continuing to fall and many pensioners have ended up frankly indigent.

Wages have virtually ceased to mean anything in determining the size of the pension. The maximum pension is stipulated for everyone with a wage higher than 55-65 percent of the average wage because given the existing norms, which provide for a pension at 55-75 percent of wages, the notorious limitation of the maximum to three times the minimum wage comes into force.

As for the minimum pension, it is absolutely ridiculous! Only 43,739 rubles [R] a month!

The conclusion that comes to mind is, Why not increase the minimum pension? It has become traditional, however, that every quarter, as soon as the time for the next pension indexation arrives, fierce battles begin between the legislators and the executive. Deputies demand that the minimum pension be raised and indexation increased, while experts in pension provision, headed by the government, reject these proposals. There is no money.

"The proportion of wages from which pension contributions are taken has fallen from 69.9 percent of the population's total income in 1992 to 46.6 percent in 1994," Lev Yakushev, chief of an administration at the Social Protection Ministry pension provision department and one of the officials who drafted the reform blueprint, explained. "The number of people employed in the national economy is constantly falling — from 73.8 million in 1991 to 69.4 million in 1994. Furthermore, the number of those avoiding paying taxes is increasing."

As a result a situation has arisen whereby the correlation between the number of contributors and pensioners is fewer than 1.4 to 1.0; that is, every one and a half workers (or even fewer) are maintaining one pensioner.

The number of pensioners is increasing all the time. The population is getting older. More than 11 percent are now 65 or older, and the number of people of working age has fallen to 56 percent.

If this goes on, soon there will be nobody to maintain the pensioners at all.

"If the pension system remains in its present form, that result cannot be ruled out," Lev Yakushev added. "Judge for yourself: Although society is getting older, we still have a relatively low pension age, a high proportion of privileged pensioners, and the possibility of receiving a pension and still working for full wages. It is time these peculiarities of the Russian pension system were changed."

What will the new system be like? The draft blueprint for the reform of pension provision in Russia provides for the creation of a three-tier system, which has become virtually standard worldwide.

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The first tier is basic pensions providing a subsistence minimum for all citizens above working age. The second tier is labor (insurance) pensions, the entitlement to which and the size of which will depend on the level and volume of participation in social insurance by each specific individual, the duration of his insurance, and the size of contributions. The third tier consists of nonstate pensions (additional professional pensions,) distinguished by greater flexibility of the terms on which they are granted, the setting of levels, the adaptation to specific working conditions, and pensions based on citizens' voluntary pension insurance.

With indexation of pensions, under the new system the basic pension would change in accordance with changes in the size of the subsistence minimum, while the labor pension would change in accordance with changes in the size of the average wage.

The reform of the pension system is a long-term program. In the first stage (1995), it is necessary to safeguard pensioners' standards of living under inflation by broadening the base for the payment of contributions to pension provision and increasing the liability for nonpayment.

In the second stage (1996-1997), a draft is proposed for a new pension law that will lay down the basic provisions of the blueprint and set the time scale for bringing them into force.

In the third stage, beginning in 1998, the final realization of the objectives and principles of the reform is planned.

"The transition will be smooth, not revolutionary," Minister Bezlepkina noted. She added that working people's misgivings about an increase in the pension age are unjustified today.

Alas, Russians' life expectancy is still decreasing, and the quality of life is by no means the highest.

Unemployment Level Recorded at 2.7 Percent

MM2505140495 Moscow ROSSIYSKIYE VESTI in Russian 25 May 95 p 1

[Unattributed report from the "In the Corridors of Power" column: "Statistics: The Saddest Waiting Line"]

[FBIS Translated Text] According to State Committee for Statistics data, as of 1 May this year the state employment service organs had registered approximately 2.3 million people seeking work. The level of unemployment in Russia as a whole is 2.7 percent.

Article Sees Need for Free Economic Zones Law

MM2505130195 Moscow ROSSIYSKAYA GAZETA First Edition in Russian 24 May 95 p 6

[Article by Vyacheslav Goncharov: "So Far Zone Is Outside the Law"]

[FBIS Translated Text] What is a free economic zone today? If you were to ask that question of law enforcement organs today, you would be told unequivocally: They are zones of expanded illegal business. In the sectorial ministries, they would reply that the free economic zone is a privileged administrative organ allowed to carry out export and import operations virtually uncontrolled. The administration, on the other hand, indicates the economic leaders: They are setting up links with foreign capital, it is claimed. At one authoritative departmental conference, it was even stated that free zones on the scale of oblasts and regions can give rise to the process of the disintegration of Russia's single economic area.

Of course these views which, incidentally, are indeed being expressed, are stretching a point. In Nakhodka 470 joint ventures have been registered with incorporation capital of $80 million. A further $200 million has been attracted. For Nakhodka that is a substantial amount, as they say. Thanks to the development of enterprise, there is no unemployment here. On the contrary, there is a shortage of manpower. Of course, you cannot avoid the following facts: In essentially uncontrolled zones, there has been an increase in crime and there are many customs and tax violations which, indeed, are forming a negative attitude toward free economic zones not only among the public but also among the authorities of all levels.

Yet only very recently we were all looking with optimism and hope at the birth of Russia's first free economic zones designed, it seemed to us at the time, to rapidly hack open windows not only into Europe but also into Asia and at the same time into the Arab world, from which capital and new technologies would certainly pour onto the vast Russian expanses. Why is there such an attitude toward free economic zones today? What has changed since 13 September 1990 when by a Russian Federation Supreme Soviet decree the first free economic zone, "Yeva," was created? Later there appeared "Nakhodka," then "Altay," "Sadko," "Vyborg," "Kuzbass," and "Sakhalin...." Today in Russia, 19 free economic zones have been officially registered.

One of the main ideologists and propagandists of free economic zones, Lev Vasilyev, vice president and general director of the International Association for

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the Development of Free Economic Zones (MARSEE) described the situation that has taken shape as follows: All these zones in Russia have proved to be illegitimate. To this day there is no law on free economic zones in the country, which means that free economic zones do not have a clearly defined legal basis. Not a single zone has technical and economic substantiation. Why are they being created, what aims should they pursue, what will they give directly to the kray and oblast and the state as a whole? They rely only on legally binding acts and so do not receive the promised concessions and funds and sometimes even lose what they had. The local authorities, Lev Vasilyev asserts, have even annulled the status of many free economic zones. At the same time no one can answer the question of why some new free zones are being created like the tax-free zone in Ingushetia, for instance.

Of course, enormous territories and a large volume of property farmed out to the bureaucrats with no control. Here we do not even know for what precise purposes. A free economic zone in the opinion of many economists should be a commercial project. The state should take part in its implementation with its own share of the benefit. After all, this should all be enshrined in legislation.

In 1994, the social accord treaty that had been signed listed the law on free economic zones among the priority laws that should be adopted. It was not adopted because there was nothing to adopt. On the other hand, this year there are already four drafts at the debating stage — the government draft, the draft of the "Yabloko" faction, the work of Ustinov, former head of the "Nakhodka" free economic zone administration, now a deputy, and the MARSEE draft. The first debates on them have already taken place at parliamentary hearings within the framework of the Federation Council committee for international affairs. It was not mainly the details of the drafts that they argued about. The government is insisting on a single law for all zones and the same "rules of the game" for all zones on the entire territory of Russia. MARSEE also believes that it is indeed essential to have one law for everyone but a so-called framework law, which would indicate that free economic zones can be created on Russian territory. It would also indicate the most basic "rules of the game": how to draw up an application, what type of zone there should be and what its status should be, who manages these zones at the federal level, and what the procedure is for eliminating a free zone. That is all. Then it is up to each specific zone to have its own law, its own concessions and special terms proceeding from what the state has to encourage — export or the development of technoparks, offshore trade or the implementation of mutually advantageous large-scale construction projects.

Of course, it is in dispute that the truth is born, but it should not be drawn out for another year. Let common sense prevail as rapidly as possible, as they say. After all, the lack of a law is reducing to nothing the very idea of creating free economic zones in Russia and is making the free economic zones themselves defenseless in the face of the local and federal authorities.

In general, does present-day Russia need these zones, technoparks, and technopolicies with tax concessions, customs freedom, and other benefits? I remember a trip to Cambridge and my familiarization with the technopark, where dozens of the world's most famous companies have their laboratories and promise scientists a high profit for their applied research which promises high profit. Everything was set up in an enviable manner with, incidentally, broad government support. And all sides receive benefit. And this is not some underdeveloped country but Britain.

Why do we not use that experience?

Why are we debating where it is time to get down to business?

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International Affairs

Defense Minister, Perry Visit Joint Exercises

LD2505171795 Kiev UNIAN in Ukrainian 1545 GMT 25 May 95

[FBIS Translated Text] Lvov — On 25 May, Ukrainian Defense Minister Valeriy Shmarov and U.S. Defense Secretary William Perry visited the joint military exercise, Peace Shield-95, watching its progress and inspecting its training positions.

Perry told a news conference that the exercise was "very significant" and added that Ukraine well demonstrated its desire of peace, a witness to that being its participation in a military exercise to practice peacekeeping operations in the globe's hot spots.

Shmarov pointed out that the situation that the exercise sought to imitate was a close resemblance of that in the former Yugoslavia at present.

Asked by journalists about Ukrainian policies toward accession or nonaccession to NATO, the Ukrainian defense minister said: "There are no plans for Ukraine to make a radical transition from one political bloc to another. These processes must take years. Nobody in Ukraine is going to join NATO."

Defense Minister: 'No Hurry' To Join NATO

LD2505191595 Moscow INTERFAX in English 1902 GMT 25 May 95

[FBIS Transcribed Text] LVOV, May 25 (INTERFAX-Ukraine) — Deputy Prime Minister and Defense Minister Valeriy Shmarov said at a joint conference with U.S. Secretary of Defense William Perry that Ukraine is not particularly welcome in NATO and Ukraine is in no hurry to join it.

He emphasized that joining NATO is an important issue but no arrangements have been made to change the political status of Ukraine.

Shmarov said that the U.S.-Ukrainian military maneuvers were a success. The full value of the Partnership for Peace program and a joint exercise in peacekeeping operation, he added, will be appreciated with time.

Udovenko on Relations Between Russia, NATO

LD2505171895 Moscow INTERFAX in English 1642 GMT 25 May 95

[FBIS Transcribed Text] TALLINN, May 25 (Interfax - Ukraine) — Ukrainian Foreign Minister Hennadiy Udovenko has called for agreement between Russia and NATO.

Speaking in Tallinn Thursday [25 May], he said that an improvement in Moscow-NATO relations could help Kiev work out its position on the North Atlantic Alliance. "We are working on guidelines for these relations," the minister said.

"We do not want to become a buffer state between the two blocs," he said, meaning NATO and the CIS military-political alliance. Nor does Kiev want to see new European divides, he added.

The minister said that although not dominant, Kiev's relations with NATO were also discussed in Tallinn.

Udovenko Says Kuchma, Yeltsin To Discuss BSF

LD2505173795 Moscow INTERFAX in English 1548 GMT 25 May 95

[FBIS Transcribed Text] TALLINN, May 25 (INTERFAX-UKRAINE) — The presidents of Ukraine and Russia, Leonid Kuchma and Boris Yeltsin, are expected to meet briefly during the CIS summit in Minsk on Friday to discuss the future of the Black Sea Fleet [BSF], Ukrainian Foreign Minister Hennadiy Udovenko said in Tallinn today.

He spoke of other issues of bilateral relations being "more or less settled."

The minister said the meeting between Yeltsin and Kuchma would be brief because other CIS presidents may also want to meet the Russian leader.

Deputy on Poland, NATO, European Security

WS2505114595 Lvov VYSOKYY ZAMOK in Ukrainian 18 May 95 p 3

[Interview with People's Deputy Yevhen Zherebetskyy, member of the Supreme Council Commission for Foreign Affairs and Ties With the CIS, by Lyudmyla Nosaryeva in Lvov; date not given: "Poland Is Going To Make a Leap to NATO. Ukraine Asks To Wait" — first paragraph is VYSOKYY ZAMOK introduction]

[FBIS Translated Text] Our paper has recently been visited by Yevhen Zherebetskyy, Ukrainian Supreme Council deputy from Kirovohrad and member of the "Reforms" legislative faction and the Supreme Council Commission for Foreign Affairs and Ties With the CIS. He also heads a standing Ukrainian-Polish parliamentary group. As head of this group, he was invited by the Polish Sejm to participate in the international conference "The Competence and Role of Parliaments in International Security" held in Warsaw. Poles convened this conference to reiterate their resolve to join NATO. A positive resolution of this issue seems to have already been reached in Washington. This is what Yevhen Zherebetskyy thinks about the conference.

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[Zherebetskyy] Representatives of NATO, the Organization for Security and Cooperation in Europe, the European Council, the European Parliament, and all European countries, including the CIS, were invited to participate. No one came from Belarus and Russia, though.

[Nosayeva] How was such a heavily represented forum organized?

[Zherebetskyy] It was quite idyllic in nature. Poles would stand on the podium and say: We have already firmly decided to join NATO. Others (from France and Spain, for example) advised them to first discuss this issue with Russia. At the end, I took the floor and somewhat disturbed this idyll.

[Nosayeva] How?

[Zherebetskyy] Except for Poles, nobody really understands the situation within the CIS. It is not a monolithic structure, as outsiders may think. So far, it remains nothing more than a loose structure, because Ukraine holds an independent position in it, thus pulling to its side Azerbaijan, Turkmenistan, and Moldova. The two poles help keep this structure in balance. The Commonwealth, however, can gain in strength if Ukraine is "taken out of the equation." At the same time, Poles are very afraid of Russia. This is a fact. Rightist and leftist forces in Poland have reached a full consensus on this issue (NATO membership). There is another facet to this issue: At what price will this membership be achieved? According to options currently considered by political analysts, there are several ways for Central European countries to be admitted into NATO structures. One of them is the evolutionary one, which perfectly suits Ukraine.

[Nosayeva] What do you mean, and what does Ukraine have to do with this?

[Zherebetskyy] Proceeding down the evolutionary path, Poland will enter NATO at first economically, integrating with [its] economic structures. Western capital, in turn, while investing in the Polish economy (as well as in Slovakia, the Czech Republic, and Hungary) and protecting its investments, will admit those countries into the EU after some time. The Czech Republic has opted for this path.

[Nosayeva] And Poland?

[Zherebetskyy] Poles are extremely afraid of again finding themselves in the Russian zone of influence, particularly after the developments in Chechnya. Because the very existence of "gray zones" which are no longer under heavy Russian influence, but not yet protected by the NATO shield, whets Russia's appetite for those territories and makes it establish its dominance there. This is why the Poles want to join NATO structures as soon as possible by applying political instruments, that is, based on political decisions. With such approval in hand, Poland could be admitted to this bloc even without having to modernize its equipment, even though one of the preconditions for admitting a country to the alliance is control over its Armed Forces. In addition, it should lay no territorial claims to its neighbors, have equipment that conforms to NATO standards, maintain quite a high level of economic development to support its Army, etc.

As we can see, this is a bit simplified method leading to membership in NATO, and Poles are ready to accept it.

[Nosayeva] Does this worry Ukraine?

[Zherebetskyy] Of course, it does. Once Poland is accepted into NATO, Russia would react immediately. It will use any kind of pretext (a political reason or blackmail) to force Ukraine to forge a closer economic union with it. As a result, the loose structure in East Europe will be replaced by a rock-hard formation called the Russian Empire.

[Nosayeva] Is this the reason why Ukraine is more willing to accept the evolutionary path of Poland's admission into NATO?

[Zherebetskyy] Yes, because this process will last for several years, giving Ukraine an opportunity to become stronger economically and politically in the meantime, and allowing it to preserve its national position and enter major European structures, such as the Security Council, European Parliament, the EU, etc. If, on the other hand, Poland manages to make its way into NATO, a weak Ukraine will exist at Russia's side. This may encourage our neighbor to expropriate Ukrainian grain, metal, and mill products using various excuses, instead of buying them from our country. For example, it could deny access to its gas and oil pipelines, gas storehouses, and hard-currency plants [as published]. There will still be our national flags everywhere and our president, but the money will be flowing to Moscow. This is a well-practiced method. The scariest thing that may now happen is a new division of the world, and Europe in particular. A new bipolar security system (Yalta-2) may arise in Europe, with NATO and Russia standing on opposite sides; and this system will be forged at the expense of Ukraine. The Central European states will join NATO, and Ukraine — Russia. Nothing will really change, except that the borders of NATO countries will move 500 km to the east. This is why it is crucial for us that Poles not enter NATO overnight. Poland is currently our best and most consistent ally in Europe, even though we realize the reason for that: Poland wants

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to have the independent Ukraine between its territory and Russia. Ukraine will serve as a buffer separating two blocs.

[Nosayeva] How did the conference participants react to your report?

[Zherebetskyy] I was approached by ambassadors from different countries who asked: Is Ukraine really against Poland's admission to NATO? And I would repeat to them: No, we are not. Ukraine may become a NATO member in the remote future, too. Of course, it will be a transformed structure by that time. Nonetheless, the abrupt entry of the Polish Republic into NATO would put Ukraine in jeopardy. We need to have at least two years to strengthen our economy. Some time ago, the West had invested its capital into the Polish economy, which stabilized it (in fact, that debt has already been forgiven). This is why the Western world needs to understand now that no capital for Ukraine means only one thing in the long-run: A weak Ukraine will again be caught in the Russian net, and the West will have a very powerful empire right beside it, to cooperate with which it will have to spend much more money. Poland knows this very well, and some of politicians say that Ukraine is actually a guarantor of security in modern Europe.

RF Duma Decree on Assistance to Crimea

954F2347A Simferopol KRYMSKIYE IZVESTIYA in Russian 19 May 95 p 1

[Decree of the State Duma of the Federal Assembly of the Russian Federation: "In Connection With the Appeal of the Supreme Council of Crimea"]

[FBIS Translated Text] The State Duma of the Federal Assembly of the Russian Federation decrees that:

1. It takes note of the appeal of the Supreme Council of the Republic of Crimea to the State Duma of the Federal Assembly of the Russian Federation in connection with the all-Crimea referendum of 25 June 1995 and consents to send delegations of official observers of the State Duma of the Federal Assembly of the Russian Federation to the all-Crimea referendum.

2. It addresses to the Supreme Council, the president, and the Government of Ukraine the proposal that the population of the Republic of Crimea be ensured the right to a free say in regard to the Constitution of the Republic of Crimea and that, in accordance with the rules of international law, the principles of the OSCE, and the traditional relations of friendship, the necessary conditions be created for official observers of the State Duma for observance of the progress of the preparation, execution, and summation of the results of the referendum.

It calls on the organs of state power of Ukraine, proceeding from generally recognized rights of the individual and national minorities and in the interests of the development of relations with Russia, to renounce pressure on the population and the authorities of the Republic of Crimea and a ratcheting-up of tension in a region bordering Russia and to switch to a resolution of the current problems exclusively by way of negotiations based on the ascertained opinion of the electorate.

3. It proposes that the Government of the Russian Federation take the necessary steps for a stimulation of the negotiating process with Ukraine with regard to the opinion of the population of the Republic of Crimea and its elected authorities. It proposes to the president of the Russian Federation for a second time a meeting this May under his chairmanship of leaders of the government, the Federation Council, and associations of deputies of the State Duma on relations with Ukraine.

4. It instructs the leaders of the Duma side of the interparliamentary Commission on Russo-Ukrainian Cooperation (G. Seleznev and K. Zatulin) to organize consultations with the Supreme Council of Ukraine on possible paths of the speediest settlement of Crimean-Ukrainian relations and a lowering of tension in Crimea, around it, and in connection with it.

[Signed] I. Rybkin, chairman of the State Duma of the Federal Assembly of the Russian Federation.

National Affairs

Prosecutor Views Conflict With Legislature

WS2505140095 Kiev VECHIRNIY KYYIV in Ukrainian 23 May 95 pp 1-2

[Interview with Ukraine's Deputy General Prosecutor Olha Kolinko by unidentified reporter; place and date not given: "They Hate Us, Because They Are Afraid of Us"]

[FBIS Translated Excerpt] [passage omitted] [Kolinko] Today [at the 19 May Supreme Council session] I saw that we are on the right track. We have already stomped on the mafia's tail, and we will get at its head. Was at least one specific example cited today about violations of the law committed by the General Prosecutor's Office? No. There were only generic accusations. Even when specific criminal cases were mentioned, nobody could accuse the Prosecutor's Office of anything.

Please note: Not a single deputy ever asked why the investigation of certain criminal cases is not being

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conducted; or had not been completed, and why. At least this could have been clarified. However, this has not been done. It turned out that our esteemed deputies can without any clarification, by face value, assess the work of the General Prosecutor's Office and its Board. This issue had not even been discussed by the [Law and Order] Commission. Nobody had met with Prosecutor's Office employees or talked to them; nobody had asked them what problems they were experiencing.

I have listened to all the speakers here, and I do not know: Should I laugh or should I cry? What are the board's drawbacks? Not a single one was mentioned. They only said that the current state of affairs in the country is the fault of the General Prosecutor's Office. They made the general prosecutor a scapegoat to hide their own inactivity from the people. Responsibility for non-observance of the laws rests with the executive authority, the local councils, and the controlling bodies. Meanwhile the Prosecutor's Office exercises supervision, and interferes only when there is a crime. The prosecutor cannot force a minister to observe laws; he can only write a prescription, but if a minister does not react the prosecutor cannot impose any financial or administrative sanctions or discharge him from office. Neither does the Prosecutor's Office fight crime on its own. Its role is to supervise the bodies that fight crime, including organized crime.

Meanwhile the deputies are pointing a finger at us again. Then what, once we replace the general prosecutor, prosperity will come? If so, go open the doors wide — all civilized states will come to learn from our experience on how to resolve all the problems by replacing a prosecutor.

Yet for some reason I think that nobody will come. What kind of experience can we share? That of strangling the Prosecutor's Office? We have requested the allocation of 6.5 trillion karbovantsi [K] from the national budget in 1995. We have only been given K3.5 trillion. This is enough to pay salaries during the first half of the year. However, where shall we take money to cover investigators' travel expenses or carry out examinations of criminal cases? Some K7.5 trillion and $160 million have been returned to the State Treasury in 1994 by Ukraine's prosecution bodies. Meanwhile, we only used K500 billion for our own needs. At the same time, Russia's Prosecutor's Office reclaimed only three times more money than it received from the budget. However, attempts are being made to prove that Ukraine's Prosecutor's Office is good for nothing and only causes trouble.

We reclaimed around $8 million and K7 trillion in the first quarter of 1995. The number of completed criminal cases increased by 600 in comparison with the first quarter of 1994. Is this not an indication of our body's tangible work? Can this tangible work be deemed as unsatisfactory?

We are subordinated and accountable to the Supreme Council. However, this does not mean that we are legislators' pocket prosecutors, regardless of how high their posts are. We have one king and God — the law. Regrettably, the very body which writes laws has a strange attitude toward its products.

In 1994, 80 reports were filed with the highest echelons of power, including the president, the Supreme Council, and the Cabinet of Ministers. While the president and the Cabinet used to respond to them by writing resolutions and directives, as well as by exerting influence, not a single report — and we write them solely on extremely important issues — was discussed by either Supreme Council commissions or at sessions. We only found some kind of response from the Commission for Ecology and on the issue of illegal adoption of Ukrainian children by foreign citizens. Again, we had fought for two years to have this issue discussed, and then, we were accused of inactivity. This is outrageous.... [passage omitted]

It is painful to listen to offensive words. How many of those were voiced at the Supreme Council session! Poor [Supreme Council Deputy Chairman] Tkachenko has been stung and accused [by the Prosecutor's Office].... I beg your pardon! Esteemed deputies, I am addressing you through the media, given that you did not want to listen to me [in the session hall]: Did we "sting" Tkachenko at our own initiative? I was following your directives! Please recall the Supreme Council Presidium resolution or the resolution by the Commission for Fighting Organized Crime. Did I go look for Tkachenko myself? You had obliged me to handle the "Land and People" case. Then, after Tkachenko prohibited not just examining the case but even thinking about the examination, should I have concurred? Had I done so, you would have asked me the next day: Why is there no examination; what kind of prosecutor are you?

Lawmakers were persuading the people that Tkachenko did not pressure me. Why, then, did he summon me to his office? Why was the Supreme Council resolution rescinded? And why, immediately after this, an official letter arrived — signed by Tkachenko — saying that the general prosecutor's report was urgently included on the session agenda?

Had lawmakers been driven by other motives than a desire to settle the accounts with the Prosecutor's Office, they would have checked the reason for rescinding the Presidium's resolution and whether this was done by the

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Presidium itself — as it should have been, or whether someone else did it on the Presidium's behalf. They would have obliged me to conduct an examination and would have verified its results. I, at least, am ready to produce all the materials of the examination and lawmakers can verify my conclusions either alone or together with international experts. I agree to this. What are they afraid of?

Nobody has accused Mr. Tkachenko of stealing money. Nobody has accused him in the media of committing a crime. There was simply a report about Tkachenko's ban on the examination.

Nobody denies that. Nobody denies my conclusions on the "Land and People." Still, they keep accusing me of offending Mr. Tkachenko. Who would have ever heard about those conclusions if Tkachenko had not displayed interest in the "Land and People"?

The same way [Supreme Council Chairman] Moroz caused interest in Bozhenar.

This is how the events developed. Everything was quiet, when suddenly there was a phone call. Moroz called [General Prosecutor] Datsyuk saying that two cases were being investigated in Odessa and that the investigation was going astray. We have thousands of criminal cases and the general prosecutor does not have to know about all of them. Thus, he promised that the documents on the cases would be received from Odessa and reviewed. It turned out that the crimes were so grave that tracks led as far as Kiev, including to Bozhenar. The case was so serious that it had to be taken over by the General Prosecutor's Office; at least one murder had been committed.

The general prosecutor informed Moroz about all the revealed violations — including the "Labor" [not specified] — as early as 27 January. There was zero response. How can someone claim that there was a plot against Moroz? Unless it was Moroz's own plot.

Bozhenar was booked on 6 March, and on 9 March an arrest warrant was issued. Moroz gave an interview to one of the papers on 10 March, making me the center of all events, claiming that the warrant was issued by me, that I did this and that. In interviews on radio, television, everywhere Moroz keeps attacking and badmouthing me. Meanwhile, reporters keep chasing me. Under the circumstances, do I have the right to clarification and protection? I have to explain to the people that I have had no connection with the Bozhenar case; that I never mentioned Moroz's name or issued the warrant.

What does politics have to do with it? A deputy from Volhyn Oblast has stated that his electors are indignant, because comrade Moroz has been attacked. That deputy can come to me, and I will show him a bunch of telegrams and declarations from Volhyn Oblast, from his very electorate. People really are indignant, because K80 billion has been stolen from the budget. Those are our pensions, our teachers' and doctors' salaries. [passage omitted]

Moroz Accused of Rigging Prosecutor General Vote

LD2505221995 Kiev UNIAR in Ukrainian 1900 GMT 25 May 95

[FBIS Translated Text] Kiev [no date as received] — The "People's Movement" [Rukh] parliamentary faction has circulated a statement "On rigging the vote on the report by Ukraine's prosecutor general."

"Following the debate on the report delivered by the prosecutor general, People's Deputy Serhiy Kiyashko called for a vote to declare the activities of the prosecutor general's office unsatisfactory. Contrary to that vote, however, Oleksandr Moroz signed and circulated a resolution declaring unsatisfactory the activities of the prosecutor general and the collegium of the prosecutor general's office of Ukraine," the statement says. In Rukh's opinion, this is a crude rigging of the vote.

In this connection the Rukh faction demands that:

- the Supreme Council resolution be brought in line with its verbatim record;
- the prosecutor general's office of Ukraine institute criminal proceedings against Oleksandr Moroz under Article 154 (abuse of power) and Article 172 (forgery in office) of the Criminal Code of Ukraine.

Socialist Deputy on Possible Parliamentary Split

LD2505205595 Moscow INTERFAX in English 1750 GMT 25 May 95

[FBIS Transcribed Text] KIEV, May 25 (INTERFAX-UKRAINE) — A constitutional agreement between the president and part of the parliament will split deputies into two camps, Vladimir Marchenko (Socialist) told INTERFAX-UKRAINE.

In his opinion those who will not sign the document, primarily Socialists and Communists, will form a tough opposition.

Marchenko said Socialists consider the constitutional agreement unlawful and will not recognize it. "We plan to continue working on the basis of the acting Constitution and want to address the international public, in particular the Council of Europe, on the issue," he said.

On the possible way out of the situation he said that a road of social partnership should be chosen.

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"All political forces must be pooled on the basis of the constitution, the declaration of sovereignty and acting legislation in order to avoid legal chaos and really restore order in the country", Marchenko said.

Moroz Rejects Suggestion on Resolving Crisis

LD2505144095 Kiev UNIAN in Ukrainian 1245 GMT 25 May 95

[FBIS Translated Text] Kiev — In an exclusive interview to UNIAN, Oleksandr Moroz, the speaker of the Ukrainian Supreme Council, described as unacceptable the option of resolving the political and legal situation in Crimea that was proposed by the Crimean Supreme Council Presidium.

The Crimean MPs had proposed that the Supreme Council rescind its decision of 17 March on abolishing the Crimean Constitution, pledging to withdraw the all-Crimean referendum on 25 June. Oleksandr Moroz stressed that the "Supreme Council of Crimea cannot dictate its will, if only because the parliament itself has caused the situation that has led to the abolition of the Constitution."

At the same time, the speaker said that, during the debate on the Crimean issues at a session of the Ukrainian Supreme Council today, he will be prepared to propose the following option: The Crimean Supreme Council should suspend its decision on holding a referendum and the Ukrainian Supreme Council will adopt a decision on assisting the preparation of a new Crimean Constitution on the basis of the Ukrainian law "On the delimitation of the functions between the Ukrainian state authorities and the Autonomous Republic of Crimea." Oleksandr Moroz stressed that all other options "created collisions that do not add anything to the Crimean Supreme Council nor the state as a whole."

Crimean Tatars Form Self-Defense Units

954F2366A Moscow SEGODNYA in Russian 17 May 95 p 6

[Article by Oleg Frolov under the rubric "Self-Defense": "Crimean Tatars Again Threaten To Create 'Askeri' Brigades—This Time To Fight Crime"]

[FBIS Translated Text] Simferopol—The 11 May protest march of Crimean Tatars in Simferopol ended with a noisy rally at the monument to Crimea's liberation by Russian troops from Turkish rule. More than 1,000 persons proceeded from the Muslim mosque to the Crimean procuracy building, demanding that the local Themis protect them from racketeers' extortion and harassment and bring to justice the criminals who had beaten and killed several Crimean Tatars in May.

Vitaliy Kirichenko, chief of the Ukrainian MVD's [Ministry of Internal Affairs] Chief Directorate in Crimea, said that he does not intend to meet with the rallying crowd in person and asked Crimean Supreme Council Deputy Refat Kenzhaliyev to put together a memorandum on crimes against Crimean Tatars for an official investigation.

This is the Crimean Tatars' third protest action this year against the inaction of law enforcement organs. In December of last year the funeral of Emil, the owner of a Tatar network of foreign currency exchange offices, who was killed in Simferopol, spilled over into such an action. At the beginning of May this year a gathering of citizens was held at Crimean settlements near Simferopol, where one Crimean Tatar had recently been killed and another maimed; according to deputies of the Kurultay faction in the Crimean Supreme Council, the gathering adopted a decision to create national self-defense brigades.

On 5 May Crimean Tatars demonstrated their resolve to take a stand against bandits at a Simferopol market by trashing commercial stalls and bars of the Crimean criminal clan of Bashmakov brothers, whose commandos engage in racketeering among Crimean Tatars and, in the pogrom-makers opinion, impose unbearably high fees on them—$800 a month. As a result, several persons ended up in hospital with serious injuries. As General Vitaliy Kirichenko, chief of the Crimean Directorate of the Ukrainian MVD, told journalists, the police detained 23 pogrom-makers that day, one of whom was brutally beaten by a kin policeman.

On the morning of 6 May, the day of celebration of the anniversary of the signing of the Crimean Constitution, a group of Crimean Tatars picketed the building of the MVD's Crimean Administration. A petition was handed over to top officials of the Crimean police in which the authors made it clear that the increasingly frequent crimes against Crimean Tatars have ethnic underpinnings, and if the police do not immediately protect the Tatars from the arbitrariness of presumptuous racketeers, they reserve the right to create the aforementioned self-defense brigades "so that no crime against Crimean Tatars will go unpunished."

The Crimean Tatars Council did not claim responsibility for any of the aforementioned actions, although its representatives actively commented on them and were the first ones to voice the idea of creating national self-defense brigades as far back as 1992. At the time the talk was about creating militarized construction battalions of Crimean Tatars—to build and guard Tatar settlements. In this connection the Ukrainian Ministry of Defense proposed to leave draftees of Crimean

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Tatars to serve in Crimea. Calls to form national self-defense brigades also sounded after the Crimean Tatars' altercation with the Ukrainian OMON [Special Purpose Militia Detachments] near Alushta in 1992, after which neither side was charged with anything. In April of the same year an organized group of Crimean Tatars after a ritual prayer went on a rampage in the Crimean Supreme Council building, in the course of which tens of policemen guarding the building were injured—again, without any legal consequences. In the opinion of some observers, this group de facto can already be considered a "national self-defense brigade."

The idea of creating people's soldiers—"askeri"—brigades surfaced again in February of this year in the course of Tatar rallies of solidarity with Chechnya, when mejlis leader Mustafa Dzhamilev said that Crimean Tatars are already fighting on Dudayev's side, essentially hinting that they are ready to shoot at Russians. Mr. Kolomytsev, chief of the Crimean Administration of the Ukrainian Security Services, refuted this information; however, some time later mejlis representatives reported that all volunteers had returned to Crimea from Chechnya alive and well. It was then that the notion acquired currency that "askeri" brigades are necessary as a counterweight to Crimean Cossacks guarding some resorts on the southern shores of Crimea.

The sentiment of collective self-defense has lately permeated political demarches of the Crimean Tatars' mejlis at different levels. And this sentiment, in the opinion of observers, does rest on solid ground: The Crimean Tatars, who have lived through deportation, long exile, and the hardship of repatriation, are today probably the most organized, closed to outsiders, and tightly knit ethnic group on the peninsula.

General Kirichenko said on local television that the criminals who this spring killed Crimean Tatars—two adults and a boy—in Alushta have been arrested, and that he would not tolerate any self-defense brigades on the streets of Crimea, of which, according to his data, there are now about 80 on the peninsula.

Meanwhile, according to summary reports of the Crimean MVD's Chief Directorate, since the beginning of May of this year 995 crimes already have been committed in Crimea, 78 of them grave. According to data of the Crimean Center for Humanities Research, 48 percent of Crimean residents, regardless of their ethnic affiliation, feel a real threat to their lives, 46 percent said that they live in an environment of criminal terror, and only 1 percent feel themselves to be relatively safe. In the same survey, 52 percent of Crimean residents supported the application of extraordinary measures to criminals, including shooting them on the spot. Unlike Crimean Tatars, however, members of other ethnic groups in Crimea prefer to stay at home.

Crimea Government Views Budget, Passports

954F2372A Simferopol KRYMSKIYE IZVESTIYA in Russian 23 May 95 p 1

[Article by the Press Service of the Government of Crimea: "In the Government of Crimea"]

[FBIS Translated Excerpt] A regular meeting of the government was held under the chairmanship of Prime Minister Anatoliy Franchuk on 18 May.

After examining the draft of the Law on the Republic Budget of Crimea for 1995 submitted by the Ministry of Finance, which was revised taking into account the proposals of the city and rayon executive committees and a working group, the Government of Crimea passed the decree "On the Draft Republic Budget for the Year 1995 and Its Execution in 1994." The income part of the budget of the autonomous republic was fixed at the sum of 28,686,497,600,000 karbovantsy, and the expenditures—29,786,497,600,000 karbovantsy. The deficit of the republican budget of Crimea totaled 1.1 trillion karbovantsy. Taking into account the proposals of the city and rayon executive committees in the revised draft of the republic budget, the income part of the local budgets was increased on the average by 5.6 percent. Taking into account the additions and changes submitted by the working group, budget appropriations were increased for the social and cultural sphere and for the social protection of the population.

During discussions on the draft, Prime Minister Anatoliy Franchuk emphasized that all proposals for an increase in the budget financing of the production branches henceforth will be examined only providing that economic justification is given for the efficiency and profitability of state investing.

The draft republic budget for 1995 and the report on the execution of the 1994 budget will be submitted for approval of the Supreme Council of Crimea. [passage omitted]

For the purposes of regulating trade activity in the sphere of retail and wholesale trade in food products, hygiene and medical items, perfumes and cosmetics, alcoholic beverages, tobacco articles, and everyday chemical commodities, the Government of Crimea passed the decree "On Assignment of Licenses to Subjects of Entrepreneurial Activity in Trade in Individual Groups of Commodities."

In accordance with the normative acts of Ukraine, a decree was adopted "On Immediate Measures To Ensure

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the Issuance of a Citizen of Ukraine Passport and a Citizen of Ukraine Passport for Going Abroad." The issuance of a passport of a new type will begin on the territory of the Autonomous Republic of Crimea starting 1 June 1995, and will continue until 1 June 2001. The passport of a citizen of the former USSR is valid until its exchange, and the general citizen foreign passport of the former USSR—to the end of the term of its validity, providing it is reregistered in the established procedure.

A number of other socioeconomic questions were also examined.

Prime Minister Anatoliy Franchuk informed the members of the government about the main results of the visit to Crimea of Chancellor of the Exchequer of Great Britain Kenneth Clarke. The head of the British finance department evaluated Crimea's economic potential highly and was in favor of a speedy expansion of cooperation first and foremost in the sphere of joint production and refining of gas and oil. Large-scale investments of finances and technologies capable of fully supplying Crimea with its own energy sources are being restrained at the present time, from Mr. K. Clarke's standpoint, by inadequate work on a legislative base and the factor of political instability. In the chancellor's opinion, joint projects in industrial branches, agriculture, and recreation are rather promising. The investment projects presented by the government will be examined at a London financial conference to be held 25-26 May.

During the visit, Prime Minister Anatoliy Franchuk and Chancellor of the Exchequer Kenneth Clarke discussed the possibility of opening a direct London-Simferopol international air route. [passage omitted]

Klychnikov OSCE Roundtable Speech

954F2348A Simferopol KRYMSKIYE IZVESTIYA in Russian 19 May 95 p 1

["Speech of V. Klychnikov, Deputy Chairman of the Supreme Council of Crimea, in Locarno (Switzerland) at a Roundtable Organized by the OSCE": "'The Contradictions Between Crimea and Ukraine Have Been Caused by Economic Factors....'"]

[FBIS Translated Text] Esteemed Gentlemen!

Many, if not most, of the current contradictions in the relations of Kiev and Simferopol have been caused by economic factors, the resolution of which could contribute to a large extent to a settlement of all the current disagreements and the formulation of mutually agreed solutions.

But the conviction of the leadership of Ukraine that imparting to Crimea a greater degree of economic independence would merely be a driving force of the separatist sentiments of a certain part of the Crimean electorate and that the success of economic reforms in Crimea could be reflected appreciably in a strengthening of centrifugal trends of the regions of the young state is making all attempts to reach understanding on matters of tax and banking policy and the delimitation of property practically fruitless.

All decisions of the organs of state power of Crimea aimed at reform of the economy and a liberalization of relations in the credit and financial sphere are either reversed immediately or blocked by organs of state administration subordinate to the central authorities. There is no doubt that the continuation of such a policy will be disastrous, for the abrupt discrepancy between the relatively high degree of political independence of Crimea and the complete lack of economic rights within the framework of legislation of Ukraine has prompted and will continue indefinitely to prompt organs of state power of Crimea to adopt decisions that go beyond the strict framework of Ukrainian economic law.

What are the reasons for this longing of Crimea for greater economic independence? It is essential for an understanding of these processes to briefly explain what the economy of Crimea, which was created within the framework of the unified national economic complex of the USSR, represents.

The basis of Crimea's industrial potential is composed of the large-scale chemical plants of the north of the peninsula, the ship- building and ship-repair enterprises of Sevastopol, Kerch, and Feodosiya, and the electrical equipment industry of Simferopol and Sevastopol. All these branches were oriented toward satisfaction of the requirements of the entire former USSR, mainly Russia. The elimination of the common economic space has put these enterprises in a most difficult position. The introduction of customs barriers, the extraordinary complexity of the system of settlements via the National Bank of Ukraine, and the transition to world prices in settlements for energy sources with Russia and also the gradual substitution for products of Crimea's enterprises of domestic Russian production have made the majority of enterprises of Crimea hostages of the economic policy of Ukraine.

The agriculture and processing industry of Crimea oriented toward the markets of Northern Russia in supplies of fruit and vegetable products and their processed products have found themselves in a similar situation. A catastrophic situation has taken shape in the maintenance of the fishing fleet, which has been deprived of foreign currency for payment for the quotas in promising catch areas.

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There is no doubt that market conditions require an appreciable structural reorganization of the economy, and it will undoubtedly take place. But it is obvious also that this is not an overnight business and that the political decisions of the leaders of Russia and Ukraine felled the country's single complex at a stroke, putting in an exceptionally difficult position primarily their own citizens, Crimeans, naturally, included.

Should the organs of state power of Crimea under these conditions have taken advantage of the proximity of Russia to mitigate the consequences of this rupture? Yes, they were undoubtedly entitled to do so. But this did not happen precisely because of what I spoke about earlier. Crimea was simply not permitted to do this.

Another important branch characterizing the economy of Crimea is tourism, which brings in up to 40 percent the republic's budget revenue. The historically evolved all-Union health resort received annually up to 5-6 million persons coming for an exceptionally inexpensive vacation, at the same time receiving from superior budgets up to 30 percent in subsidies. Today these subsidies are being held up as a reproach to Crimeans. But granted all the past and current subsidies, Crimea brings in for Ukraine approximately $500 million of foreign currency, which makes this Ukraine's No. 3 item of currency proceeds.

There naturally arises the question as to why we cannot rationally dispose of the income obtained from this branch. There are two objective factors here concealed in the policy of banking and currency regulation of Ukraine.

First, there is via the system of branches of Ukrainian banks, which are not legal entities, do not pay taxes to Crimea, and do not have bank reserves in Crimea, a mass outflow of hard currency from the republic in the resort season, contributing to the influx of the karbovantsy cash supply devalued by constant inflation.

Second, the budget revenue obtained in the period of the resort season is devalued with enviable regularity by the large credit issues of Ukraine undertaken at the end of the fiscal year, putting the republic in the position of a beggar.

It is natural that under such conditions organs of state power of Crimea have raised and continue to raise questions concerning the republic being accorded big rights in the regulation of bank and currency legislation. The desire of the organs of state power of Crimea to regulate individual elements of tax legislation within the framework of fiscal relations with Ukraine is natural and understandable. Considering the specific structure of Crimea's economy and the need for its reorganization, these legislative rights are of vital importance to the republic, and Kiev does not wish to give them up under any circumstances, although, I repeat, this could remove many purely political problems also. Especially since many of the decisions adopted for stabilization of the economy of Crimea are unexceptionable in their economic expediency, and individual decisions of organs of state power of Ukraine are proving directly detrimental to the economy of the peninsula, as is the case, for example, with the imposition of excise charges on alcoholic beverages and television receivers and the introduction of strict customs duty on the exportation of products of Crimean enterprises.

It is proposed that we avail ourselves, as an alternative, of the legislation governing free economic zones, whose proclamation requires such an enervating procedure in Kiev that none of the many zones proclaimed previously has yet proven capable of enduring this legislative marathon. The question arises as to whether it would not be simpler to delegate to Crimea rights to regulate the economy than to be creating all these so-called economic prosperity zones, attempts to create which are being made currently in Kerch, Sevastopol, Feodosiya, Krasnoperekopsk, and in a whole number of other localities of Crimea. This is akin more to the transfer of economic decentralization to a new, municipal, level, bypassing the regional level. The economic expediency of such a policy evokes serious doubts as to the capacity under these conditions for preservation of the manageability of the economy of the republic as a whole.

One further problem by which the entire complexity of the relationship of Crimea and Ukraine may be evaluated is that of the delimitation of state property in Crimea. The process of this delimitation is proving arduous and obdurate, giving rise to endless mutual recriminations and grievances. And, by all accounts, no accords will be achieved in such a key.

The main contradiction lies in legislative instruments of Ukraine, which infer statewide property to be only part of the property of the state within the direct jurisdiction of the organs of state administration of Ukraine. Were the statewide property to incorporate the entire state property of Ukraine, municipal property included, but which has been transferred to the administration of the regions, merely the facilities that are of significance as being truly statewide properties (unified energy systems, railroads, facilities of a defense nature, and so forth) being excluded, this contradiction could be resolved quite easily.

The unsettled nature of the process of delimitation of property is preventing us also embarking on the

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privatization of state-owned enterprises inasmuch as, before privatizing anything, we need to know what the republic has at its disposal. The charges leveled at the Crimean Parliament, therefore, concerning its alleged reluctance to adopt a program of privatization are simply contrived. The logic of the process itself need only be observed for this to be quite hard to contest.

In addition, justified misgivings are occasioned also by the very mechanism of privatization per the Ukrainian model, which is essentially even more populist than that which has been realized in Russia. With such privatization, Crimea would run the risk of being left without investments in the economy, which we could have obtained for the cash privatization of facilities of Crimean property, which, more than any other in Ukraine, may be valued not only and not so much as the buildings and installations themselves but also as the land on which these facilities are located. Having obtained in exchange for this property securities subsequently losing all value, we transfer 70 percent of the assets to be privatized to the management of check investment funds, which would simply spend on their own needs the income of the enterprises privatized in this way, not displaying the least concern for their development. The populism would result in the destruction of the economic potential, which could hardly ever be restored.

We would like, therefore, as far as possible to conduct cash privatization prior to check privatization. And to channel the funds obtained from it into the so-called public sector (engineering systems, facilities of the infrastructure, realization of profitable investment projects).

I would like in conclusion to emphasize that uniformity of opinions and approaches in economic policy is just as disastrous as in other spheres. That the Republic of Crimea would like to have the opportunity of greater economic independence is for this reason of direct benefit not only to Crimeans but to all of Ukraine as a whole, for it would be possible to compare and evaluate the results of economic management in different regions not by the degree of performance efficiency of this authority or the other locally but by the specific action and the indicators achieved.

Rumors of Nuclear Power Station Accident Denied

LD2505201195 Kiev Radio Ukraine World Service in Ukrainian 1800 GMT 25 May 95

[FBIS Translated Text] The public relations department of Ukraine's State Committee for the Use of Nuclear Power has circulated a report on the performance of nuclear power stations. As at 25 May, nine generating sets are functioning at Ukraine's five nuclear power stations. There have been no emergencies or accidents at the nuclear power stations over the past week. The background radiation at industrial sites and in the areas adjacent to the nuclear power stations is within the limits of the natural background radiation.

As regards rumors about the accidents that allegedly occurred at some nuclear power stations, the State Committee for the Use of Nuclear Power again declares that these rumors do not correspond to reality: All the generating sets of the nuclear power stations are functioning in conformity with safety measures.

Economic Issues

Briefing on Market Reform in Energy Sector

WS2605093795 Lvov INFOBANK in English 0703 GMT 26 May 95

[From the "News Service" feature]

[FBIS Transcribed Text] On May 25 at a briefing in Ukraine's Cabinet of Ministers, Minister of Energy Vilen Semenyuk reported that the government was introducing a program of market reforms in the energy sector. Decrees issued by the Ministry of Energy stipulated that four state energy-generating enterprises will be created by 14 thermal electric power plants and two more such enterprises will be formed by hydroelectric power plants on the Dnieper and Dniester rivers. The state will maintain its right to control the main energy transport lines not subject to privatization as well as the management of state energy-generating and energy-supplying stock companies of which it will own all stocks or controlling interest. According to the minister of energy, after carefully examining the situation, the World Bank agreed to give loans for the renewal of Ukraine's energy sector but only under the condition that projected market reforms in the energy sector be implemented by the time the loans are repaid. The first agreement with the World Bank for the sum of $111 million has been signed and will be used to modernize hydroelectric power plants. According to Mr. Semenyuk, market reforms in the country's energy sector will attract both foreign and domestic investments to this branch. He also believes that it will increase efficiency with regard to the way in which electric power plants are run since they will function under conditions of market competitiveness. The reconstruction of electric power plants will also help solve ecological problems (presently Ukrainian electric power plants emit 2.5 million tonnes of nitric oxide, sulfur, and other toxic wastes into the air yearly).

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Economic Experts Discuss Hryvnia Introduction

WS2605094095 Kiev INTELNEWS in English 0711 GMT 26 mAY 95

["Special to INTELNEWS" by Serhiy Soklovskiy]

[FBIS Transcribed Text] Kiev, May 24 — The chances to introduce a mild reform in money circulation are running out, said Parliamentary Financial and Banking Activity Committee Chairman Viktor Suslov, at a round table on the hryvnia Wednesday [24 May].

"We have almost used up the possibilities to provide a non-confiscatory reform: disproportion in the financial sphere reached its critical level, and we have not decided yet what it will be like after the introduction of hryvnia," he said.

Simple denomination will not give any results, as shown by the experience of Brazil, he said. Ukraine has not paved the strategic way for reform, so parliament is unable to make decisions on it, Suslov said.

The disagreements on the financial policies between the government and the National Bank of Ukraine were not solved before the government's resignation. Now, he said, this problem cannot be solved as it is unreasonable to expect the current acting government to produce the program of reforms right away.

"This is the question of a new government," he said. "And the introduction of hryvnia is premature."

Financial Research Institute Deputy Director Vasiliy Kravchenko outlined the conditions for the monetary reform introduction: a) stopping the recession; b) creating a budget with a minimal deficit; c) the government should restrict money supply; d) improving the balance of payments; e) gold and currency reserves; f) creation of a legal base.

Instead, he said, we have the following conditions: a) the state owes 60 trillion karbovantsi in wages; b) the structure of spending from the budget was reduced by 2-3 times, while it should have received thorough consideration; c) the gross domestic product fell by 10 percent in the first quarter of 1995; d) the deficit of payments reached US$5 billion; e) there is a need for gold and currency reserves, estimated at US$2 billion.

Taking these facts into account, Kravchenko said the monetary reform in Ukraine would not bring any results and the hryvnia would be unstable.

International Monetary Fund representative Alex Sundakov disagreed, however. "The main advantage the karbovanets lacks is people's confidence," he said. "And the hryvnia itself may gain such a confidence."

The monetary reform can be neither the first, nor the last step in economic reforms, though it would be better to be introduced closer to the end of reforms, Sundakov said.

He did not agree with some officials' concern about a non-deficit budget. Ukraine needs to suppress inflation, but does not necessarily need to be without a deficit, he said. Although the recession is not directly connected with the national currency, Sundakov said, a possible confiscatory hryvnia introduction could affect people's confidence in the currency.

Association of Ukrainian Banks President Oleksandr Suhoniako said the introduction of the hryvnia should be postponed until the problem of emission is solved.

"A possible emission can destroy Ukrainian production," he said. "For the sixth time, the government tries to solve the problem of payments by emission, but doing so can liquidate our exporting industries — the metallurgy and chemical industries. The total debt reached US$8 billion."

Oleh Soskin, World Economy and International Relations Institute deputy director, said: "I see the way out. We should recognize the U.S. dollar as a legal tender, legalize the black market economy, privatize enterprises and land, form a stock market, create conditions for inflow of foreign capital and investments. We can introduce all this within short terms, and it will create the conditions for the hryvnia's introduction."

Statistics Ministry Releases Privatization Breakdowns

WS2505113795 Kiev INTELNEWS in English 0013 GMT 25 May 95

[FBIS Transcribed Text] Kiev, May 23 — The Statistics Ministry released the following data on privatization of businesses in terms of privatization methods and sectors of economy as of the first quarter.

Out of 1,250 businesses privatized in Ukraine during the first quarter:

1. A total of 444 businesses privatized by groups of buyers including:

wholesale trade — 240
consumer services — 120
public catering — 20
construction industry — 16
textile industry — 4

2. Nine enterprises, including six consumer services, were privatized according to the alternative plan of privatization.

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3. A total of 225 businesses were privatized through rent and buy-out including:

retail sale — 112
consumer services — 35
public catering — 32
food processing industry — 20
construction industry — 16

4. 62 enterprises were privatized through auctions including:

retail sale — 25
consumer services — 16
public catering — 11
uncompleted construction sites — 3

5. 25 enterprises were privatized at preferential prices including:

consumer services — 8
retail sale — 7
public catering — 2
incomplete construction sites — 2
businesses run by housing and municipal property committees — 2

6. 20 businesses were privatized at commercial prices:

consumer services — 8
retail sale — 5
public catering — 5
management — 2

7. Twenty-seven enterprises were transferred free of charge. Twenty-five of these were in the agricultural sector.

8. A total of 438 enterprises were transformed into joint stock companies, including :

machine building industry — 113
building materials industry — 53
construction industry — 42
food processing industry — 38
material and technical supplying industries — 26
textile industry — 17
science 16 agriculture — 14
ferrous metallurgy — 14
wood-processing industry — 11
retail sale — 11
public catering — 7

Crimean Statistics Committee: Economy on Decline

WS2505113995 Kiev INTELNEWS in English 0013 GMT 25 May 95

[FBIS Transcribed Text] Simferopol, May 24 — Every industry and service sector of Crimea faced recession and decreased activities in the first quarter of 1995, according to the Crimean State Statistics Committee.

Production of consumer goods fell 25 percent compared to the figures of the same period in 1994. Production of essential goods and light industry products dropped 68 percent. Sixty-two percent of the enterprises producing consuming goods reduced their output. Food producing enterprises decreased their output from a range of 20 to 40 percent.

The total volume of retail sales equaled about 8.7 trillion karbovantsi, which is 15 percent lower than in the same period of 1994.

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Belarus

Uzbek President Arrives for CIS Summit

LD2505203595 Moscow ITAR-TASS in English 1858 GMT 25 May 95

[FBIS Transcribed Text] MINSK, May 25 (Itar-Tass) — President Islam Karimov of Uzbekistan arrived here late on Thursday [25 May]. At the airport "Minsk-2" he was welcomed by Belarusian President Alyaksandr Lukashenka and Prime Minister Mikhail Chyhir.

"Our meeting must resolve burning problems the CIS countries have", Karimov said. In his words, "the most important thing now is to take a new step along the path of economic integration".

According to Karimov, the issue of integration is one of the key ones on the summit's agenda. At the same time, he thinks, the agenda lacks in the issues of economic character. "I am not fully satisfied with it since I believe it is the issue of economic integration that the Commonwealth can and must settle", he said.

Karimov also said he intends to call on the republican leaders not to indulge in creation of any joint commands of armed forces since, in his opinion, it will lead nowhere.

CIS Integration on Border Issues Hailed

WS2605090795 Minsk Radio Minsk Network in Belarusian 0300 GMT 26 May 95

[FBIS Translated Text] Heads of border troops departments from Azerbaijan, Russia, Tajikistan, Ukraine, and Uzbekistan arrived in Minsk to participate in a regular meeting of the CIS Council of Chief Commanders of Border Troops on 25 May.

Responding to journalists' questions while meeting his military counterparts at the military airfield in Machulishchi, Vasil Markowkin, Belarusian Border Troops chief commander, stressed that the integration of Russian and Belarusian Border Troops Departments, as well as other ones from the remaining CIS countries, is primarily beneficial for our Republic. Therefore, it is necessary to deal with this process patiently.

With regard to rumors about the potential dislocation of our Border Troops servicemen in other CIS areas, chief commander stated assertively: We have not sent our servicemen abroad, and we are not intending to do so in the future.

CIS Summit Adopts Measures To Combat Drug Trafficking

WS2605085195 Minsk Radio Minsk Network in Belarusian 0700 GMT 26 May 95

[FBIS Translated Excerpt] Measures for combating drug smuggling across external CIS borders were discussed at the 25 May CIS summit in Minsk. To implement measures for combating drug trafficking, there are plans to establish a single-information-space mechanism along CIS borders for their protection. Decisions pertaining to border examination — adopted at this summit — will also strengthen the fight against drug trafficking at CIS external border crossing posts. Combat against illegal immigration and the outflow of non-ferrous metals to the West will also be strengthened in the future. [passage omitted]

Rumors About Plans for Karatchenya Refuted

LD2505185695 Minsk Radio Minsk Network in Belarusian 1600 GMT 25 May 95

[FBIS Translated Text] In connection with the INTERFAX version which dominates mass media that the administration of the president of Belarus is allegedly negotiating with Ivan Karatchenya about the possibility of his election as the chairman of the new Supreme Soviet, the department of public and political information of the administration of the president of Belarus has been instructed to make a statement:

In accordance with the Constitution, the election of the chairman of the Supreme Soviet is an exclusive prerogative of the Supreme Soviet. The president of Belarus, Alyaksandr Lukashenka, as the guarantor of the Constitution, has not given anyone the powers to conduct private negotiations for selection of appropriate candidates for that post. The personnel decision on the chairman of the Supreme Soviet, his deputies and other leading officials of the parliament will be taken by the new composition of people's deputies.

Russian Customs Officers Arrive for Joint Work

WS2505142595 Minsk VO SLAVU RODINY in Russian 23 May 95 p 1

[Report attributed to BELINFORM: "Customs Officers Begin Joint Work"]

[FBIS Translated Text] **In the near future, customs control at the "Kozlovichy" and "Mokrany" border passes for freight traffic will be conducted jointly by Belarusian and Russian officers. On 16 May, 19 Russian customs officers arrived in Brest.**

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According to Vyacheslav Osintsev, chief of the "Zapadniy Bug" customs house, he held a comprehensive discussion with his Russian colleagues on 17 May.

Russian customs officers at external borders of the customs union will check the cargoes that either leave or arrive in Russia. According to Vyacheslav Osintsev, the number of specialists that arrived in Brest should be quite sufficient to implement the adopted bilateral agreements. It is another matter that both the governments and the customs committees should urgently agree upon making the legislations of both countries compatible, and upon issuing common instructions regarding control at external borders of the customs union.

Moldova

Snegur, Delegation Depart for CIS Summit

LD2505140195 Moscow INTERFAX in English 1226 GMT 25 May 95

[FBIS Transcribed Text] CHISINAU, May 25 (Interfax) — An official Moldovan delegation, headed by the republic's President Mircea Snegur, has left Chisinau for Minsk to participate in the CIS summit.

The delegation included Prime Minister Andrey Sangheli, Minister of Foreign Affairs Mikhail Popov and other officials. The Moldovan delegation will take part in discussions on all agenda issues except for military ones.

Snegur on Implementing CIS Integration Accords

LD2505174495 Moscow ITAR-TASS World Service in Russian 1110 GMT 25 May 95

[By ITAR-TASS correspondent Valeriy Demidetskiy]

[FBIS Translated Text] Chisinau, 25 May — It will not be easy to implement the agreements on the future integration of the CIS, which are due to be signed in Minsk, because our countries have, unfortunately, already managed to "firmly cement" their borders. This was stated in an interview to ITAR-TASS today by Moldovan President Mircea Snegur before he flew off to the Belarusian capital for the summit of the CIS heads of state.

"The implementation of the documents adopted within the framework of the Commonwealth is proceeding with difficulty, particularly in the area of cooperation on payments and customs matters, which are cornerstones in the foundations of the economic alliance. As a result of the policy of self-isolation in our countries production is falling, unemployment is rising, and life is becoming more difficult. The warehouses of Moldovan enterprises, for example, are full of unused produce. In many ways this is despite the agreements adopted at Commonwealth summits we are creating additional barriers in moving goods and services and manpower," Snegur stressed. "For example," he noted, "Russia introduced excise labels and now we must stick these on every bottle of wine and every packet of cigarettes. But despite this I am an optimist and I believe that the economic alliance is working."

The Moldovan president said that he intends to study the experience of integration between Russia and Belarus, especially in the customs field.

Economic Cooperation Said Central to Foreign Policy

LD2505181095 Moscow INTERFAX in English 1548 GMT 25 May 95

[FBIS Transcribed Text] CHISINAU, May 25 (Interfax) — Moldovan President Mircea Snegur has said active cooperation with other countries and international organizations in the economy is central to Moldova's foreign policy. Snegur was speaking at the first session of the third assembly of the International Congress of Industrialists and Entrepreneurs in Chisinau on Thursday [25 May].

Apart from representatives of CIS member countries, taking part in the assembly are industrial managers and businessmen from the Baltic countries, Bulgaria, Hungary, China, Poland, Romania, the Czech Republic, Yugoslavia and Croatia. New forms of economic cooperation is being discussed at the conference.

President Snegur said in an interview that he was for restoring, on a new basis, links between industrial enterprises of all countries represented at the assembly, the CIS member-countries in particular, and for greater integration in world production.

"For Moldova, mutually-beneficial economic cooperation with international organizations, including cooperation within the framework of the International Congress of Industrialists and Entrepreneurs is very important. Without this it will be impossible to halt the industrial slump, stabilize the political situation, carry out effective market reforms or improve the standard of living in our newly-founded state," President Snegur said.

A meeting of Russian and Moldovan entrepreneurs and industrialists is scheduled for May 26.

Snegur Reiterates Need for 14th Army Withdrawal

AU2605060395 Chisinau INFOTAG in English 2014 GMT 24 May 95

[FBIS Transcribed Text] Chisinau, INFOTAG, 24/5/1995 — Moldovan President Mircea Snegur regards

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it as inadmissible to impact peacekeeping functions to the Russian 14th Army. Last week, such a function-redistribution initiative was proposed by Army Commander Alexander Lebed.

Mircea Snegur today received Mr. Istvan Gyarmati, personal representative of the chairman in office of the OSCE, and pointed out that most servicemen in the Army are Tiraspol residents.

The president confirmed Moldova's resolute intention to seek the Army withdrawal and to keep the OSCE member countries well informed on the procedure, as envisaged by the resolution signed by them at the Budapest summit held in late 1994.

Mircea Snegur stressed that the Army Withdrawal Agreement implementation will be discussed at the Moldovan-Russian summit scheduled for next July. He refuted Lebed's allegations that Moldova is seeking to come into possession of the Russian weaponry. In this connection, Snegur stressed that "if the huge arsenals get into the hands of reactionary forces, the situation in the region may aggravate again".

The head of state expressed satisfaction about the OSCE Mission's assistance in settling the dispute. He pointed out that this process advances quite slowly due to Tiraspol's reluctance to give up its ambitions in establishing their own state. Mircea Snegur said, at the forthcoming Moldovan-Dniester summit of June 7 Tiraspol will be offered a new draft status in the framework of the Republic of Moldova. In his words, the document is based on recommendations of the OSCE Mission to Moldova.

In Istvan Gyarmati's opinion, the draft corresponds to international standards, and envisages observance of all human rights, including those of national minorities.

Also today, Mr. Gyarmati met with Deputy Chairman of the Moldovan Parliament Nicolae Andronic, Minister of Foreign Affairs Mihai Popov, and took part in the sitting of the Joint Control Commission on the Dniester Settlement.

Sangheli Advocates Withdrawal of 14th Army Armaments

AU2605070695 Chisinau BASAPRESS in English 2040 GMT 23 May 95

[FBIS Transcribed Text] Chisinau, BASAPRESS, 23/5/1995 — Moldovan Premier Andrei Sangheli said at yesterday's meeting with Russian State Duma Deputy Konstantin Zatulin that Gen. Lebed should remain 14th Army commander, Ion Sofronie, government spokesman, told BASA that the Moldovan premier's contention was that "only the 14th Army headed by Lebed is able to ensure the inviolability of the military depositories." Sangheli pointed out that this is his personal view which is shared by other Moldovan leaders. "As to the other problems connected with the 14th Army, the premier said their solution should be based on the Russian-Moldovan agreement on its withdrawal from Moldova," said Ion Sofronie. Referring to Lebed's statements that Moldovan leadership should be interested in 14th Army's stay in Dniester, the government spokesman said: "In this matter the premier bases his position on the 14th Army withdrawal agreement signed on October 21, 1994 with Premier Chernomyrdin. At the meeting with Zatulin, Sangheli insisted on the need to determine a mechanism for the withdrawal of the 14th Army armament from Dniester".

Popov Alarmed at Russian Duma Opposition to Army Withdrawal

LD2505190995 Moscow INTERFAX in English 1902 GMT 25 May 95

[From the "Diplomatic Panorama" feature: reports by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov and others]

[FBIS Transcribed Text] CHISINAU, May 25 (INTERFAX) — Moldovan Foreign Minister Mikhail Popov is alarmed by the attempt of the Russian State Duma to torpedo a bilateral agreement on the withdrawal of the 14th Russian Army from the Dniester region. He expressed this in an interview with INTERFAX Thursday [25 May] in Chisinau.

According to the minister, the law on preserving the arsenal of the 14th Army, passed by the lower house of the Russian parliament Wednesday, actually imposes a moratorium on the withdrawal and links it to a settlement in the Dniester region.

Popov hoped that President Boris Yeltsin would not sign the law and that the Federal Assembly would not approve it because he said it contradicts the mutual willingness of Russia and Moldova to strengthen bilateral relations and also runs counter to the documents passed at the OSCE Budapest summit.

In the minister's opinion the stance taken by the Duma will tell negatively on talks between Chisinau and Tiraspol on the special legal status of the Dniester region.

"We have always said that Moldova wants a peaceful political settlement to the problem through the assistance of the OSCE and the Russian Federation," Popov stressed.

He said Chisinau shares the concern about the army arsenals. "However, proceeding from the came concern

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Duma members largely supported separatists in the Dniester region which contradicts the recent Almaty memorandum on peace and stability throughout the CIS," Popov said.

In his opinion the recent visit of Russian deputies to Chisinau and Tiraspol as well as the Duma hearings indicate that the lower house of the Russian parliament wants to create the impression of studying the problem while in reality it had the answer to questions related to the Dniester region and the 14th army ready a long time ago.

OSCE Official Attends Meeting on Dniester Region

LD2505191495 Moscow INTERFAX in English 1717 GMT 25 May 95

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] CHISINAU, May 25 (INTERFAX) — An envoy of the acting OSCE chairman Istvan Gyarmati now visiting Moldova attended a session of the joint control commission for settling the conflict in the Dniester region Thursday [25 May].

The Deputy Interior Minister Viktor Catran told INTERFAX that representatives of Dniester region are sabotaging all attempts of Chisinau to promote the peace process.

The OSCE official regretted the fact that representatives of the Dniester region continue to resist a cooperation agreement between the joint control commission and the OSCE permanent mission in Moldova.

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Kazakhstan

Kazakh Delegation Has Successful Talks in India

LD2505121295 Moscow ITAR-TASS World Service in Russian 0727 GMT 25 May 95

[By KAZTAG special correspondent Fedor Ignatov and ITAR-TASS correspondent Sergey Spitsin]

[FBIS Translated Text] Delhi, 25 May — Issues of developing bilateral economic cooperation were discussed during the visit to India of a Kazakh delegation led by Vitaliy Mette, first deputy prime minister of the republic. The visit ended today.

At a plenary session of the Intergovernment Kazakh-Indian Commission, which took place in Delhi on Wednesday [24 May], a number of agreements on broadening mutually advantageous partnership in such spheres as oil and gas industries, the extraction of nonferrous and rare-earth metals, science and technology, transport, and medicine was signed, Vitaliy Mette told journalists. Accord was attained on India giving Kazakhstan another $10 million credit, and possibilities of setting up joint enterprises in pharmaceutics, the agro-industrial sector, and the manufacture of leather and textile goods were examined. Prospects for expanding bilateral trade were mapped out. Last year the volume of trade reached $10 million.

V. Mette had meetings with Indian President Shankar Dayal Sharma, Prime Minister P.V. Narasimha Rao, state ministers, and leading Indian entrepreneurs. Mutual interest in stepping up Kazakh-Indian economic cooperation was expressed at these meetings.

Delegation Signs Cooperation Accords

LD2605100895 Almaty Kazakh Radio First Program Network in Russian 0300 GMT 26 May 95

[FBIS Translated Text] A Kazakh Government delegation led by Vitaliy Mette, first deputy prime minister, ended a visit to India yesterday, during which the development of bilateral economic cooperation was discussed.

At a meeting of the Kazakh-Indian intergovernmental commission in New Delhi, a number of agreements were signed, including an agreement on extending the mutually advantageous partnership in such areas as the oil and gas industry, the extraction of nonferrous and rare earth metals, science and technology, transport, and medicine.

They reached agreement that India would give Kazakhstan another $10 million credit. The possibility of setting up joint ventures was also discussed.

Military Service Agreement With Russia Ratified

LD2505202595 Moscow ITAR-TASS World Service in Russian 1438 GMT 25 May 95

[By Gennadiy Kulagin]

[FBIS Translated Text] Almaty, 25 May (ITAR-TASS) — Kazakh President Nursultan Nazarbayev today issued a decree on ratifying the agreement between Kazakhstan and the Russian Federation on contract military service by Russian citizens in the republic's armed forces which was signed in Moscow on 20 January this year.

In the absence of a parliament, the president has recently adopted a number of decrees on the ratification of agreements both with Russian and adopted within the framework of the CIS.

Tajik Opposition Upbeat Despite Pace of Talks

LD2505184595 Moscow NTV in Russian 1500 GMT 25 May 95

[From the "Segodnya" program]

[FBIS Translated Text] [Boris Koltsov] The discussion promises to be difficult and the government delegation shares only the point about enlarging the UN forces' presence in Tajikistan. Official Dushanbe is refusing to comment on everything else, including the opposition's main idea about a transition period. However, the head of the Tajik opposition delegation, Akbar Turajonzoda, is not inclined to see a tragedy in this:

[Begin Turajonzoda recording] A year ago even this would have been impossible. Now a high level meeting has been held, with wide international recognition of the Tajik opposition. And with the difficult internal economic problems in the republic — I think that there is no other way than for us to reach agreement. [end recording]

This path to agreement will not be easy and no one wants to predict how it will turn out. Today didn't bring any sensations either. By lunchtime the sides had managed only to exchange proposals.

[Begin Turajonzoda recording] Our proposal has already been translated into English, the other hasn't, therefore discussion will begin at 1400. [end recording]

Besides, only the opposition's proposal was actively discussed before the talks. The government delegation's corresponding document appeared only at the last moment. It doesn't contain anything new is more like a brief course in the history of Tajikistan.

Most likely the only result of today's talks will be the appearance of an English-language version of official

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Dushanbe's proposal and the English-reading mediators acquainting themselves with this document.

NKPK Official on Party Goals, Activities

954F2367A Almaty EKSPRESS-K in Russian
23 May 95 p 3

[Interview with M. Amanbayev, candidate of philosophical sciences and deputy chairman of the People's Cooperative Party of Kazakhstan, by unidentified correspondent; place and date not given: "People's Cooperative Party of Kazakhstan—New Political Force"]

[FBIS Translated Text] As we all know, the People's Cooperative Party of Kazakhstan [NKPK] has been formed and is operating actively in the republic. What does this political organization represent and what are its program goals, main areas of activity, and forms and methods of accomplishment of the set tasks? These questions are answered by M. Amanbayev, candidate of philosophical sciences and deputy chairman of the party.

[Correspondent] Murat Nurgaziyevich, a process of the formation of a multiparty system is under way in the republic. A number of parties and movements are already operating in the political arena. The People's Cooperative Party of Kazakhstan has become a new political force. How did it emerge?

[Amanbayev] In a period when the republic is experiencing a most complex stage in the formation of its statehood, the employees of the consumer cooperative system cannot remain outside of politics and view the current processes from the sidelines. Another reason was the fact that the difficult economic situation that has taken shape in the transitional period has had an extremely negative impact on the social position of the rural workers, who have been left with all their problems to fend for themselves. In turn, their calamitous situation has led to a considerable shrinking of the consumer market in the countryside.

Thus a resolution of the specific problems of a restructuring of the life of rural inhabitants aimed at an improvement in their situation, the enlistment of the cooperative members and employees of the consumer cooperative system and rural workers in the transformations under way in the republic, and protection of their interests posed the question of the need for association in an organized political force. This proposal met with active support. Thus 37,842 persons advocated the creation of the People's Cooperative Party of Kazakhstan, and its constituent congress, at which the steering bodies were elected and the program and rules adopted, was held on 15 December 1994.

[Correspondent] What kind of work has been performed by the party since the constituent congress? Has it been taking part in the political events of the republic?

[Amanbayev] Since the party's creation was of an objective nature and obtained general support, we were able in a short space of time to perform organizational work on the creation of our structure locally and on 20 February of this year registered with the Ministry of Justice of the Republic of Kazakhstan.

Nineteen oblast party organizations, which are registered with the oblast justice administrations, and 210 rayon and 1,233 primary party organizations are operating at this time. An Almaty city party organization has been formed and is operating. The party has a fixed membership of approximately 40,000. Work on recruitment for the NKPK is continuing locally. The creation of the party has been actively supported by the rural intelligentsia—doctors, teachers, and people working in the cultural field—and also by the farmer artels and collectives that are being newly formed in the countryside. There is every reason to say that the party will very soon be the most populous in Kazakhstan.

Despite the fact that only four months have elapsed since the moment that the party was formed, it has been participating actively in the processes occurring in the republic. The NKPK Political Executive Committee, the party organizations locally, and party members are systematically expressing via the news media their attitude toward the serious problems disturbing our society. We are interested in:

the situation of the rural workers;
the introduction of private ownership of the land;
language policy;
national relations; and
events in Chechnya and so forth.

Active work is being performed at the present time in conjunction with scholars on the drafting of the party platform, which will reveal the approaches to a resolution of current problems in all spheres of the life of society.

[Correspondent] Some parties, having appeared and spent a short time in the political firmament, have subsequently gradually disappeared from it. Does not this fate await your party also? How does it differ from the other political organizations functioning in the republic?

[Amanbayev] The first and essential difference is the fact that the NKPK has a clearly drawn social base, namely, an orientation toward the cooperative movement, the rural population, and certain small and

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medium entrepreneurial circles, which will be forced one way or another to cooperate for further efficient activity. At the same time, on the other hand, our party is open also to representatives of all other strata of society to which our program goals and tasks are close. There have already been specific examples of the NKPK being joined by teachers, doctors, workers, and others. They are attracted primarily by the fact that the program pays particular attention to the creation of all-around conditions for man's development.

Its second difference is that merely by the nature of its activity and its structure and material and technical and financial base and the availability of personnel with experience of organizing work, the consumer cooperative system is prepared for the creation of a popular and constructive party. The system alone unites 2.6 million cooperative members, and the NKPK ranks are being joined in addition by representatives of all strata of society.

Its third difference is that the NKPK is not heading for a confrontation with other political parties and movements or the authorities but advocates mutually acceptable paths of consolidation in the resolution of society's current problems. We understand that at this difficult time which the republic is experiencing, dialogue between political forces and state authorities should be of a constructive nature.

All this points to the fact that the NKPK has every chance of longevity.

[Correspondent] What are the program goals of the People's Cooperative Party of Kazakhstan?

[Amanbayev] First, increased well-being, social protection, and an improvement in work conditions in the life of the city, primarily of rural inhabitants, workers of the cooperative system, and the needy strata of society. By the nature of their activity, employees of the consumer cooperative system annually come into contact with the rural inhabitants, who have found themselves in a difficult situation and who today can neither clothe nor feed themselves. Under these conditions, naturally, we observe among them apathy toward the political life of the republic, yet they constitute more than half the population. Without their active involvement in the ongoing transformations we cannot speak of a positive end result of the reform of society. The task, therefore, is to strive for a distribution of the resources of the state budget which provides for a resolution of people's vitally important problems and also the realization of a program geared to an enhancement of the social position of the peasantry and the cooperatives, an enhancement of their social position.

The emphasis in the economic sphere is put on the creation of an efficient, socially oriented economy, a diversity of forms of ownership and management, the replacement of the concept of the free market by judicious state regulation, and civilized enterprise. The need for the elaboration of a scientifically substantiated program of an escape from the crisis with the enlistment of the country's best intellectual forces is expressed. It is proposed at the first stage to restore the manageability of the economy and business relations. At the second, to secure the steady growth of production and a scientific and technical breakthrough in the most important branches.

The task in the agro-industrial complex is to fight for the creation of a mechanism of the real parity of the prices of industrial and agricultural products and to ensure on this basis expanded reproduction with the simultaneous funding from the budget of the development of the production and social infrastructure and agrarian science. Particular attention has been paid to the development of all forms of management in the countryside.

The land is regarded as the public property of all generations, which must not become a [word illegible]. It is intended only for use and possession.

The party's activity will be geared to a broadening of the field of activity and an increase in the social functions of the cooperative system as an effective mechanism of a combination of the interests of town and country and to the development not only of consumer but also all types of cooperation: production, agro-service, supply-sales, credit and insurance, inter-farm, and so forth.

In the spiritual sphere the party advocates the creation of the necessary conditions for the shaping of a harmoniously developed and spiritually rich personality and its lofty moral qualities and a respectful attitude toward man, regardless of national affiliation and religious belief.

The aim of the People's Cooperative Party is to contribute to the building of a civil, democratic society based on the supremacy of the law with a diversity of forms of political and economic life capable of ensuring a worthy life and the prosperity of the people, the realization of civil rights and liberties, and the development of science, education, health care, and the multinational culture.

The basic values supporting our party are humanism, progress, liberty, justice, and social protection. They will be the criteria in an evaluation of political reality and the orientation in our day-to-day activity.

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[Correspondent] We would like to know in conclusion what paths, forms, and methods the NKPK will use for the realization of the set goals and tasks in practical life?

[Amanbayev] The NKPK is a parliamentary-type democratic party of a center persuasion. I would like to mention first and foremost, therefore, that its activity has from the first days of its formation ruled out the use of forcible and extremist methods. Our entire work will be built on the basis of debate, persuasion, and the harmonization of views and positions at the time of the adoption of this decision or the other. In conjunction with scholars it is contemplated drafting a number of programs for the main areas of the activity of our society, on the basis of which proposals addressed to the government will be drawn up.

The People's Cooperative Party will participate actively in the formation of the state power structures, delegating its representatives. We are today even preparing our candidates, whom we will tomorrow nominate for work in the new parliament. The first steps taken by our party testify that we have people who take to heart and mind the future of the republic, have organizer's capabilities of work in the people's masses, and know how to professionally and competently convey and defend the interests of the ordinary workers.

(Item published as an advertisement).

Karaganda Miners in Spontaneous Protests

954F2293A Almaty KAZAKHSTANSKAYA PRAVDA in Russian 16 May 95 p 2

[Article by Vera Galaktionova, KAZAKHSTANSKAYA PRAVDA: "Where Do We Go From Here? Miners Wage Spontaneous Protests in Karaganda Oblast"]

[FBIS Translated Text] Karaganda—On 5 May at 0800 about 200 miners who had been unable to go to work because of lack of fuel for the buses gathered in front of the administration building in Abay. Then they were joined by pensioners, miners' wives, drivers, and city service workers. By midday the number involved in the rally had increased to 2,000. Shouts of "What are we and our children to do?" alternated with calls for physical violence against representatives of the local authorities, devastation of the city administration building, and destruction of the "rip-off artists" selling goods with a markup even greater than in Karaganda.

Trying to keep the explosive situation under control, representatives of the administration and the leadership of Karagandaugol suggested that those at the rally present their demands in writing. They were formulated in an appeal to the president of the republic and the prime minister. "The tension in the region has reached boiling point," it says. "People are spontaneously organizing rallies, they will not leave the mines, and they are organizing hunger strikes. The government economic policy for unsubsidized operation of the coal branch continues to deepen the social tension in the region." On behalf of those in attendance who signed the appeal, it was demanded that the prime minister come there immediately to decide the fate of the Karaganda coal basin and the region as a whole. The miners emphasized that they did not intend to conduct negotiations with anyone else since, in their opinion, there was no longer any time for the creation of authorized commissions of the government or long-term investigation in the localities.

The assistant to the chairman of the territorial coal worker trade union council for the Abay region, Viktor Zorin, made the following comment on what took place: "In the city of Abay as well as throughout the region there are no jobs that are not related to the operation of the mines. Heat, coal, and water supply for the miners' houses and apartments come from the mines, which today are on the verge of being closed down. If, for example, the Toparskaya mine dies, the miners' villages of Yuzhnyy Karagan and Novyy Karagan will die immediately thereafter. Do you see how the miners feel? They could tear down the whole city but they would leave the mines." On that day more than 80 miners from the mine imeni Kalinin, who just a couple of days before had refused to come to the surface, insisted on a meeting with the leaders of Karagandaugol, representatives of KAZAKHSTANSKAYA PRAVDA, and the Russian press, refusing to trust the other mass media, which had stained their reputation, in the miners' words, either through deception or through distortion of the course of the last 40-day strike and thus skewed public opinion.

Their condition was met. The deputy minister of energy and the coal industry, Yertysbay Aliyev, general director of Karagandaugol, Grigoriy Prezent, the chairman of the territorial coal miners' trade union council, Vladimir Karpov, and the director of the mine imeni Kalinin, Yuriy Aleksanov, went down into the mine to conduct the negotiations. Like those who were rallying on the square in Abay at the time, the miners in the mines reported: "We are physically exhausted. By working here we are burying our children, they are wearing rags, and they are malnourished. During the summer adolescents wear rubber boots with torn tops because their fathers who work in the mines have not brought home any money for five months now. They do not thank us for our work."

The miners' refusal to come up out of the mines is a form of protest that is tantamount to slow suicide. By

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remaining at a depth of several hundred meters, in the dampness, the half-darkness, and the cold, they are damaging their health. Colds develop rapidly underground and chronic diseases are aggravated. Nonetheless: "It is better to die than to put up with the shame of the impoverished existence of their families," and the miners stated at this meeting.

In the words of Grigoriy Prezent, spoken to those assembled in the mine, no glowing promises were heard. Under the conditions of the decline of the ability of consumers to pay for coal, there was not enough money to support the mine. If labor productivity is reduced, it certainly will not survive. "We have one solution," Prezent noted, "to mine coal more cheaply and ask for help from the state. But if the miners do not mine coal—we are at an impasse."

The following arguments were heard in response:

Dmitriy Afanasyev: "Economic independence for the mines in and of itself cannot solve the basic problems of coal production. We are switching to spades. We are cutting the faces without timbers—we have nothing to prop them up with. We have nothing with which to purchase spare parts. How can we reduce the cost of products like that?"

Bulat Mazhitov: "We are not idlers and we are not moochers. But how am I to explain to my sons why there is no food in the house? By the fact that speculation has been raised to the rank of government policy? By the fact that I was not taught to steal but to work? I am a Kazakh, but I will have to leave a republic if it cannot pay me for my labor."

Tulegen Salekhov: "The ministry has abandoned the mines to ruin, leaving them without state support and imposing insane taxes on coal mining. And the income tax is extortionate, it deprives people of an incentive to work."

The statement of Deputy Minister Yetyrsbay Aliyev to the effect that it would be impossible to subsidize the branch this year but that the question of subsidies for 1996 would be considered in the higher echelons was heard without enthusiasm. The miners are no longer interested in tomorrow—they have nothing to live on today. Coupons for food are issued to the miners by the mine management. But they bring with them to the mine dining room their children and their wives, who have lost their jobs because of cutbacks, and their pensioner parents. Their ration is divided among the members of their families. Families with many children use their coupons for bread alone, early in the morning they start waiting for it to be brought in, and many of them eat it on the spot.

The wives of miners who have refused to come up from below the earth are up on the surface. They try to grab on to the sleeve of every stranger to force out an answer to the question: "How can we go on living like this?!"

Tamara Kolesnikova: "My husband, Vladimir Kolesnikov, works in the sixth section. He spent a month in the hospital with an ulcer. There was nothing to treat him with. We managed to get some money in December—a thousand, but medicine alone, not to mention other medical supplies, takes more than a thousand. There is no question of following the required diet. The ulcer is progressing, and now my husband needs an emergency operation...."

The wife of a leading worker goes to the management of the mine and asks for money, she leaves empty-handed, not knowing what she will use to pay the rent, how she will educate the children. Reduced to despair, in the reception room she was preparing to write out an application for burial of her miner husband ahead of time: "What else can I do, if the mine has no money left for him to live on?"

The Center's policy, which under market conditions is aimed at expanding the mining of less expensive but high-quality Ekibastuz coal, and, consequently, letting some of the Karaganda mines die out, is interpreted by the miners as a delusion that lacks economic vision. The conservation of one mine requires up to 600 million tenge in additional investments with two years of operation before it is closed down. But, in the opinion of the miners, by the time the higher-ups come to understand the inexpediency of what is happening, the mines will have been destroyed for good.

But it is hardly appropriate to speak of closing down the Karaganda mines only in the future tense, as the miners are doing. Because of the decline in demand for coal in 1993-1994 brought about by the overall decline in production and the sharp reduction of the consumers' ability to pay, the association has had to curtail the production of coal at those mines with a low level of profitability—the Toparskaya, Stepnaya, Dobovskaya, Maykudukskaya, and Severnaya. But because of the lack of free monetary funds in the association it is practically impossible to conserve them—money is deposited into the mines' settlement accounts only for each tonne of coal that is produced and sold. Thus, the association can only "bury" its costly equipment under the ground, which goes against common sense, and leave thousands of miners, who have not been paid for their work for a long time, without any work at all.

Let us note especially that the collective of 100,000 miners in Karaganda has not made and is not making political demands. Meetings with those attending rallies

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and those who refuse to come up out of the mines prove that the spontaneous movement of the miners defending their right to exist does not propose merging with parties and movements in opposition to the country's leaders.

The movement is of a purely social nature and reveals a tendency toward an acceleration of events and the ability to merge into an "uprising against the moneybags." It is also apparent that the state of affairs still leaves the possibility of a peaceful regulation of the miners' question. But at any moment the situation in the region could change in an unpredictable way, because spontaneous actions have come to replace organized protest actions.

* * *

The events of recent days have been marked by a spontaneous refusal to come to the surface of the Molodezhnaya mine by eight miners who were trying to draw the attention of the public and the ruling structures to the unfavorable situation in the mining branch.

The collective protest of 2,500 workers of the mine imeni Gorbachev developed into a general meeting of the collective on 11 May. They made a decision to completely halt work in the mining and tunneling sections. The miners, who have not received wages for a half year, on behalf of the collectives of the sections, submitted a statement to the mine director Aleksandr Karev. It says: "We and our families have nothing to live on. We cannot come to work because we have nothing with which to buy food or pay for city transportation to get to the mines."

The highly equipped mine—which is known for its production records, is capable of selling enriched, high-energy coal because of the fact that it has two of its own enriching plants—has ceased to produce coal because of the inability of Kazakhstani consumers to pay and the tax system which is ruinous to the miners. The millions of tenge deposited in the mine's settlement account at the beginning of May was all transferred to the budget by the tax inspectorate. The chairman of the trade union committee of the mine imeni Gorbachev, Saulebek Yelemesov, described the situation in the mine as explosive.

On Friday 12 May, miners of the Karagandinskaya mine followed the example of the Gorbachev miners.

Kyrgyzstan

Akayev Leaves for Minsk Summit

LD2505182095 Moscow ITAR-TASS in English 1631 GMT 25 May 95

[By Boris Mainayev]

[FBIS Transcribed Text] BISHKEK, May 25 (Itar-Tass) — A Kyrgyz delegation headed by President Askar Akayev is leaving for Minsk today for the CIS summit.

Akayev is accompanied by Prime minister Apas Dzhumagulov, the Foreign and Defence ministers and other senior officials.

As long as the CIS exists, the Kyrgyz president came out in favour of restoring the destroyed economic ties within the Commonwealth. According to Akayev, more than 200 various documents aimed at the integration have been adopted but they are not effective.

At the summit, the president intends to raise setting up an intergovernment currency committee.

Akayev will also present to the meeting an appeal of the Tajik opposition to the heads of the CIS countries. Leader of the opposition Akbar Turadzhonzoda handed over the document to Akayev in Bishkek on Wednesday evening. Turadzonzoda informed the Kyrghyz president of his attitude towards the developments in Tajikistan. According to the opposition leader, CIS media reports misrepresent the real state of affairs.

Half of Kyrgyz Budget Revenue Collected for 1995

LD2505211595 Moscow INTERFAX in English 1826 GMT 25 May 95

[FBIS Transcribed Text] BISHKEK, May 25 (Interfax) — Kyrgyzstan has as yet collected only half of the budget revenue planned for 1995, Kyrgyz Prime Minister Apas Dzhumagulov told a meeting of Kyrgyz people's representatives in Bishkek today.

Dzhumagulov said the budget deficit on the results of the first quarter of 1995 was 852 million soms ($1 = 10.98 soms). According to estimates, the budget deficit by the end of the year will exceed 2 billion soms or 12 percent of the GDP.

Dzhumagulov said that given such a "complicated situation" the cabinet could not "increase expenditure in any sphere and especially expenses on social programs."

Dzhumagulov said he deemed it necessary to concentrate on collecting taxes because "only half of the planned taxes are coming to the budget." He said the cabinet was going to take tough measures to control collection of the budget revenue. Dzhumagulov said special

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headquarters led by the Kyrgyz first deputy prime minister had been created.

Tajikistan

Aga Khan Calls on Badakhshan Ismailis To Support Dushanbe

LD2505142995 Moscow ITAR-TASS in English 1350 GMT 25 May 95

[By Galina Gridneva]

[FBIS Transcribed Text] KHOROG (TAJIKISTAN), May 25 (ITAR-TASS) — Aga Khan, the world spiritual leader of the Ismailis, has called on the residents of the Gorno-Badakhshan region in Tajikistan to support the Central Government and policy of Tajik President Emomali Rakhmanov which is aimed at stabilizing the social, political and economic situation of the Republic and finding a peaceful solution to the inter-Tajik crisis. He was addressing thousands of his followers in the outskirts of Khorog, the administrative center of the Pamirs today.

Aga Khan arrived in Tajikistan on the invitation from the Republic's government on May 22 and began a tour of the Pamirs, where a major part of his Ismaili community, numbering about 80 thousand people, lives.

Independent observers note that the mission of Aga Khan, an unquestioned authority among his co-believers, may play a decisive role in stabilizing the situation in the Pamirs.

Aga Khan was accompanied by President of Tajikistan Emomali Rakhmanov during the visit to the Gorno-Badakhshan region. Rakhmanov spoke about measures taken by his government to provide foodstuffs and other aid to the highlanders.

Government Rejects Coalition Council Plan

LD2605092495 Dushanbe Radio Tajikistan Network in Tajik 0500 GMT 26 May 95

[FBIS Translated Text] Yesterday morning [25 May] at 1000 the second plenary meeting of the talks between the Tajik government delegation and the Tajik opposition delegation took place in Almaty, the capital of the Republic of Kazakhstan.

Mr. Piriz Ballon, the UN secretary general's special envoy, opened the meeting and proposed that the sides express their views, proposals, and statements on the documents they received yesterday.

We remind you that yesterday the sides handed their official proposals via Piriz Ballon to each other for study and consideration. Each side then made a statement on one another's proposal.

The government delegation has resolutely rejected the proposal of the opposition on forming a council of national reconciliation during a transition period of 1.5 to not more than two years, to transfer all supreme political and military power to this council, as well as other proposals that are contrary to the Constitution of the Republic of Tajikistan.

The government delegation said that formation of any kind of bodies must be carried out within the framework of the new Constitution of Tajikistan.

The government delegation also said that the issues set forth for discussion were the only ones by which the current situation in the country can be considered, and this without alteration, expressing the interests of the honorable and hard working people of Tajikistan, not the interests of any group of people.

The talks are continuing.

Yesterday afternoon, Mahmadsaid Ubaydulloyev, the head of the government delegation and first deputy prime minister of the republic, had a consultative meeting with Mr. Piriz Ballon, the UN secretary general's special envoy.

Opposition Ready To Make Concessions for Dushanbe

LD2505201895 Moscow INTERFAX in English 1826 GMT 25 May 95

[FBIS Transcribed Text] DUSHANBE, May 25 (INTERFAX) — The Tajik opposition accepts that Tajik President Emomali Rakhmanov keep his position with some limits, the Tajik opposition's Chief Negotiator for Talks with Dushanbe Akbar Turajonzoda told journalists today.

Earlier, the opposition proposed that the supreme military-political power during a year and a half or two years of the transition period be concentrated in the Council of National Accord which ought to have consisted of 40 percent of the Tajik authorities' representatives, 40 percent of the opposition's representatives and 20 percent of representatives of ethnic minorities. Dushanbe turned the proposal down.

Turajonzoda said the opposition's concession was not a mere coincidence with the CIS summit in Minsk planned for May 26. He said the opposition wanted the CIS heads of state to know about this when discussing the Tajik problem.

In regard to the limits proposed by the opposition, Turajonzoda said the now exclusive powers of the Tajik president to appoint the cabinet, the heads of regions and

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districts must be divided between the president and the Council of National Accord.

The opposition said it believed that the Council of National Accord must be replaced by the recently elected parliament. "Rakhmanov will have 40 percent of his men in the council. We cannot forget that many of them sympathize with Rakhmanov," Turajonzoda said.

He said the opposition had accepted such a compromise because it did not seek revenge and "does not want to see Rakhmanov's supporters hanged. We want to save our Motherland." Turajonzoda said the opposition had refused to participate in the executive power.

He said the opposition was now waiting for the Dushanbe delegation to compromise. Turajonzoda said the governmental delegation had just rejected the opposition's proposals and had not proposed anything in exchange.

He said the governmental delegation had just agreed to discuss the issue of declaring amnesty and authorizing the activities of political parties.

Turajonzoda said the positions of the Central Asian leaders Nursultan Nazarbayev, Islam Karimov and Askar Akayev towards the Tajik opposition had changed. "They sympathize with us and consider our position to be constructive," he added. He said he hoped that the presidents of Kazakhstan, Uzbekistan and Kyrgyzstan would "manage to make Rakhmanov make some concessions to us."

Congress of People's Unity Ends Constituent Conference

MM2605090995 Moscow PRAVDA in Russian 24 May 95 p 3

[Report by Alisher Niyazov: "Congress of People's Unity Bound for Power. Tajikistan: In Search of Stability"]

[FBIS Translated Text] Dushanbe — The constituent conference of the Tajikistan Congress of People's Unity [CPU] has been held in Dushanbe. The Constituent Council of the new sociopolitical movement comprises eight nonstate associations including the Communist Party, all the major national communities, the Union of Industrialists and Entrepreneurs, the Tajikistan Academy of Sciences, and the corporation headed by S. Turayev, a well-known businessman in the republic and former presidential election candidate in 1991.

The declaration adopted at the conference is evidence of the CPU organizers' serious intentions. Here are just a few passages from the lengthy text: "Concerted efforts by various public, political, social, and national strata of Tajikistan's population to extricate society from the crisis and various actions to overcome regional separatism. The CPU advocates overcoming all forms of discrimination in political, economic, national, and state building and granting various political and social guarantees to all nations and ethnic groups in accordance with UN norms. The main focus of attention in the lengthy declaration is the CPU's unequivocal ambition to participate in governing the state."

So far there has been no official reaction to the appearance of such a mass public organization. At the same time, it can be assumed that it will be ambivalent. The idea of a broad public association under that name — Congress of People's Unity — in Tajikistan has been around for a long time, and it was all but implemented in 1992, before the civil war began. Then, as now, the initiative came from national communities, the Academy of Sciences, and S. Turayev. In 1992, after lengthy negotiations, the opposition also agreed to join the founding council, which was perfectly natural: It was in power. The dreadful thing is that Turadzhonzoda, now spiritual head of the armed opposition, might have become one of the organization's leaders. Then outbreak of civil war upset all plans....

Now the CPU faces some difficult tasks: First, to justify its suspect pedigree. Second, to demonstrate to the authorities the need for organized people's support. "We are in no way talking about the appearance of an opposition movement," Russian community leader Valeriy Yushin, one of the CPU's five cochairmen, told me. "For a country rent by discord, a new opposition is an impossible luxury. The picture most people have of the opposition is that of a bearded Islamist toting an assault rifle. Our task is to structure Tajikistan's society and give it the social and national equilibrium it lost after the civil war. No state programs will accomplish this until society itself realizes that it is time to unite. Not against someone, because that is a dead end, but for something."

Work of Psyops Group in Tajikistan Viewed

MM2505144895 Moscow PRAVDA in Russian 25 May 95 pp 1, 2

[Report by Vladimir Mokhov under the rubric "CIS Trouble Spots": "Propaganda Shell Against the Village! What Psychological Operations Detachment Is Doing in Tajikistan"]

[FBIS Translated Text] Republic of Tajikistan — Our Army is supposedly not fighting in Tajikistan. Nevertheless, within the 201st Motorized Infantry Division there is an entire unit that spends its whole time "work-

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ing on" people. It is called the psychological operations detachment.

Until recently it was strictly forbidden to write about such combat units in the press. For some reason it was believed that we wage war only with fire and the sword.

So the openness and readiness to talk shown by Captain Aleksandr Martynenko, commander of the psychological operations detachment, a handsome, broad-shouldered man who came to Tajikistan from Novosibirsk, came as a pleasant surprise.

"What do we have to hide?" Sasha smiled. "After all, we are not turning anyone into zombies...."

The actual term "psychological operation" appeared in the military vocabulary only comparatively recently, in 1992. Until then we had so-called agitation detachments that were subordinate to troop political departments. In peacetime they would successfully feign a welter of activity and they were only used for their direct purpose during any troubles. Agitation detachments had their greatest scope for work during the Afghan war. They accumulated a wealth of experience then which has come in extremely handy here in Tajikistan.

The psychological operations detachment has approximately the same tasks. Their essence boils down to conducting propaganda against the enemy and among the local population. The propaganda methods are also traditional: the dissemination of printed materials and auditory measures.

But during the Great Patriotic War and even in Afghanistan it was easier to conduct propaganda. At the very least, you knew who the enemy was. But who is the enemy here in Tajikistan?

"That's an interesting question," Capt. A. Martynenko said. "The point is that our status as peacemakers or a fighting division has not been fully defined. So it cannot be clearly stated that my detachment is working on the enemy. Officially speaking, the mojahedin are not the enemy. After all, we are on a peacekeeping mission and take neither side in the inter-Tajik conflict."

"But if there is no official enemy, whom do you 'work on'?"

"The population of Tajikistan and the residents of Afghan border villages," the commander of the psychological operations detachment said.

The latter are "attacked" from across the border with agitation shells. Their payload could not be more peaceful. Leaflets setting out in simple and clear language the aims of the presence of Russian troops here. Appeals not to violate the border.

But the most popular items on the other side are nevertheless the auditory programs. As soon as the "propaganda barrel organ" starts up, people instantly pour out into the streets. What is more, they clamber onto roofs so they can hear better. It's a kind of entertainment for the villagers. They cheer everything.

Psychological operations are more purposeful in work with the population of Tajikistan. People are urged to surrender illegal weapons, to counter terror and violence, and to collaborate with the Collective Peacekeeping Forces. But pressure, threats, and intimidation are never used. You cannot overstep the mark that divides propaganda among the population from propaganda against the enemy. In other respects operations are little different even from Great Patriotic War "agitation operations." The mojahedin are urged to come to their senses. They are reminded that women and children are waiting for them at home and must not be left as widows and orphans.

The psychological operations detachment was once involved in escorting humanitarian freight, so that it could propagandize along the way the peaceful tasks of the convoy heading for the Pamir. But instead of conducting propaganda it had to...shoot. Immediately after the Khayburabad pass the mojahedin opened fire. The main assault was against the forward reconnaissance patrol, which included Capt. Martynenko's vehicle.

A grenade hit the rocks a couple of meters from the armored personnel carrier. There was a volley of automatic fire. But the guys safely sheltered behind the armor. The convoy halted. Heavily armed guerrillas were ensconced ahead. A firefight began. The hail of fire was accompanied by the powerful auditory pressure of a radio program which they turned on probably more as a joke. Just you try explaining to the "dushmans" that a peaceful convoy of 160 vehicles loaded with grain has no intention of fighting!

Only after the "choppers" summoned by radio had arrived did the mojahedin agree to talk.

They reached Khorog without any particular adventures. But in Kalay-Khumba, a Tajik opposition stronghold, their nerve was again tested. When the guys started up their radio program, attracting women, children, and old people, a group of bearded men with assault rifles and grenade throwers with the safety catch off suddenly appeared. They dispersed people, sending them back to their homes, and scowled at the public-address system. They decided not to turn it off. Let them get used to it....

Sasha Martynenko talked with many people in the Pamir. He shared a table with some. He went to see

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others with a bullet ready in the chamber. To his considerable surprise, both the former and the latter superficially made a pleasant impression. Most of his interlocutors were literate and articulate people. Even in former times Gorno-Badakhshan Oblast was marked by its high level of culture and education.

The Pamir residents were friendly and even a little ingratiating toward our soldiers.

"I think they too have a department engaging in special propaganda," Capt. A. Martynenko remarked. "You got the feeling that these were trained people...."

Some of them said: We don't want to fight against the Russians. Moreover, they say they are entirely...in favor of Russia! They recently celebrated the centenary of Gorno-Badakhshan's voluntary accession to Russia. According to them, they owe Russia a great deal. For instance, they have Russia to thank for liberating them from many years of oppression by the Afghans.

Uzbekistan

Karimov: Too Many Military Issues at Summit

LD2505195895 Tashkent Uzbekistan Television in Russian 1430 GMT 25 May 95

[FBIS Translated Text] The next meeting of heads of CIS states will be held tomorrow in the capital of Belarus.

President Islam Karimov of the Republic of Uzbekistan today flew from Tashkent to Minsk to participate in this meeting. Before his departure our head of state gave an interview to the media.

[Begin Karimov recording] About 20 issues are planned for tomorrow's summit, as they call it, or meeting of heads of CIS states, while the heads of government will examine another 22 issues.

What is striking about the list of issues is that economic issues somehow take a back seat while this time more attention is being paid to military issues — questions of military construction, questions of forming some kind of common areas, certain common approaches, and so on. That is why, to be honest, I do not really like the way this agenda is formed. I think that the CIS was created primarily to resolve economic issues, above all. The peoples of the CIS countries above all want be peace and stability, of course, and ethnic, inter-ethnic and civil accord.

But because of these reforms and the transition from one system to another, people really long for and await the day when these processes take an upward turn and we stop careering downward in terms of living standards, the provision that is made for people, and people's security, if you like, from an economic point of view. So I think that we should first have resolved matters relating to customs borders, and should have resolved issues of uninterrupted economic and trade ties, above all issues of duties levied on transport. The taxes are so high that transporting freight to or from anywhere costs twice as much because customs duty is becoming simply unbearable. Borders really are becoming the most serious gap, or problem, in relations between the states.

For this reason I thought that these questions should be considered first. So tomorrow these 20 issues will include several that I regard as fundamental: The creation of a currency union and the resolution of matters relating to the functioning of the structures that have been set up in the economic sphere.

But I repeat once again that the fact that military construction issues form the predominant part of the problems to be discussed does raise questions for me. There are also a few questions, a few problems that may tomorrow give rise to undesirable directions in which the CIS structures' activity may develop if they are not attended to today.

I mean the fact that we are against the CIS turning into a subject in international law. We are against the CIS ultimately turning into the former [Soviet] Union, to put it in simple terms. We are against all the other states that are part of the CIS becoming sort of appendages of some great state. We are against that.

From the experience of the European Union I can see that the main issue that unites all the European peoples, and what really creates incentives for what I would call this very noble work is the resolution of economic matters. There are effectively no borders for goods, capital, and the movement of people themselves there. As you know, a document was recently signed that effectively creates visa-free movement of all kinds across just about all eight European countries.

Isn't that the main guideline or model for us? Yet here we are, working on the need to set up some types of structures for military affairs, to set up some joint command over the borders, and for the Armed Forces. All this makes me unhappy, to put it mildly. I have my own opinions on these matters and want to speak about them tomorrow.

There is another issue — the Tajik problem. I would like to take advantage of this chance today to inform our citizens and the people who live in Uzbekistan that this problem is becoming the most explosive problem for us today, because there is no border between Tajikistan and Uzbekistan.

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The concentration of a large number of troops on the border between Tajikistan and Afghanistan may effectively lead to appropriate action and across the border the build-up of armed forces, guerrillas and mercenaries — there are a great deal of those in the world; you just have to pay them and tomorrow they will gather on the other side of the Amu-Darya [forms Tajik-Afghan border, the river Pyanj]. So, 30,000 soldiers will appear on this side, and the same number of all types of guerrillas and bandits on the other side, and you have a protracted war that tomorrow could turn Tajikistan into a second Afghanistan, and that is something I say with every justification.

Who needs that? We need peace. We want to reform our society and we want a normal life and decent conditions for our citizens. One thing is needed for that: peace and stability for our home.

All these power struggles and attempts to hold onto power at any price on the part, say, of those who are in power in Tajikistan today; the attempt not to share power with anyone else — we alone are worthy of power, they say, and the failure to solve their own problems by peaceful and political means could lead to a grave tragedy in Tajikistan.

There is just one path for Tajikistan — the path of compromise, the path of political compromise. Power comes and goes, but the people remain. For the sake of maintaining calm in Tajikistan, those who are in power today must finally give that long-awaited peace to the long-suffering Tajik people. I think there is only one path, the path of political compromise. It was for that reason that I met with Mr. Turajonzonda, the head of the political opposition [deputy head of the Islamic Rebirth Party], and others. That was also what prompted our statement at the meeting in Shymkent between the three heads of state — Kyrgyzstan, Kazakhstan, and Uzbekistan, and the statement [Kazakh President] Nursultan Nazarbayev and I made in Almaty.

I must tell you openly that the fourth round of Tajik talks in Almaty is in the main the result of our initiative. We want peace to come quickly in Tajikistan. It must not be settled by whipping up the situation or building up military forces. There is only one key to the issue: the political key, through negotiations.

So tomorrow I also want to tell the leaders of all the CIS states that there is no alternative to a peaceful solution to the Tajik problem. [end recording]

Uzbek President Islam Karimov was seen off at Tashkent airport by Supreme Assembly chairman Erkin Khalilov, Prime Minister Abdulkhasim Mutalov, presidential state adviser Temur Olimov, and Tashkent city administration head Kazim Tulyaganov, and other officials.

Karimov Urges Economic Cooperation With Lithuania

LD2505180895 Moscow INTERFAX in English 1513 GMT 25 May 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, and edited by Vladimir Shishlin]

[FBIS Transcribed Text] President Islam Karimov says the volume of trade between Uzbekistan and Lithuania ran at more than $50 million last year, more than doubling in the past three years. He was speaking at a meeting in Tashkent with Albertas Sinyavicius, a Lithuanian businessman and banker and presidential expert.

Karimov spoke of a positive shift in bilateral trade though the level reached was not in line with the two countries' needs, especially in consumer trade.

He said wider economic cooperation would be to the benefit of both Uzbekistan and Lithuania.

For his part, Sinyavicius said the Lithuanian government was keen to boost up trade with Uzbekistan whose reliability as a trading partner was widely known.

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Armenia

Prime Minister on 26 May CIS Summit

LD2505180395 Moscow INTERFAX in English 1513 GMT 25 May 95

[From the "Presidential Bulletin" feature; compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] Armenian Prime Minister Grant Bagratyan expressed the hope that the CIS summit in Minsk on May 26 will make tangible steps towards the resumption of economic links, "lost as a result of miscalculation," between CIS member states.

He also hoped that the Armenian proposal about introducing a CIS currency unit similar to the ECU in the European Union will be given serious consideration. Speaking at the 8th CIS Conference of CIS Engineering Ministers he said that this unit would significantly facilitate bilateral and multilateral payments for supplies of goods within the CIS.

On the other hand, Bagratyan welcomed the intention of CIS member states to abandon the setting up of an interstate CIS bank because "as long as we have Russian rubles and U.S. dollars, we can do without such a bank."

He emphasized that Armenia was actively moving towards a market economy and said that the private sector accounted for 51 percent of the gross national product in 1994. The planned target for this year is 70 percent, Bagratyan said.

He reminded his audience that Armenia faced significant difficulties because it remained effectively cut off from other CIS member states.

In Bagratyan's view, Armenia gradually overcame the economic decline which reached its peak in 1991-92. He said that his country is the only CIS member state where the output is increasing for the second year in a row albeit at the price of declining living standards.

Bagratyan on 'Integration' With CIS Nations

NC2505133395 Yerevan SNARK in English 0958 GMT 25 May 95

[FBIS Transcribed Text] Yerevan, May 25 (SNARK)— The search of optimal limits in development of integration processes within the Former Soviet Union was the main objective of the CIS Ministers' 8th Session on Machine Industry that opened today in Yerevan.

Appearing at the opening ceremony, Prime Minister of Armenia, Grant Bagratyan, underscored that the earlier lost efficient ties need to be recovered in the framework of new economic relations. In its tendency to integration, Armenia is taking real steps, he said. Particularly, Armenia suggests launching into circulation a universal accounting means (UAM) on the CIS territory, the issue of which will be considered during the upcoming meeting of heads of states in Minsk.

The CIS countries have shown different approaches to the new economic system, said Mr. Bagratyan. Armenia, in this respect, has chosen the way to the free market, and the results are already evident. GNP growth in Armenia was 5 percent last year, and it rose by 17 percent in the first half of this year, as compared to the same period in 1994, informed the Prime-Minister. Moreover, the non-government sector of the economy will contribute 70 percent to the GNP this year, he observed.

"We escape a protectionist policy and our state is open for trade. Our openness stems from the wish to see Armenia actively involved in close integration with its traditional partners", stated Grant Bagratyan.

CIS Machine Industry Ministers Begin Meeting

NC2605033895 Yerevan SNARK in English 1409 GMT 25 May 95

[FBIS Transcribed Text] Yerevan, MAY 25 (SNARK) — The regular 8th Session of the CIS Machine Industry Ministers Council opened today in Yerevan. Delegations from Russia, Ukraine, Belarus, Moldova, Kazakhstan, Georgia, and Armenia attended. Entrepreneurs from Hungary, Romania, Yugoslavia, Cuba, Latvia, and Nagorno-Karabakh were present as observers. At the opening ceremony the Ambassadors of Russia and Iran, as well as representatives of Egyptian and Chinese missions in Armenia were present. They discussed issues to extend ties in the framework of the agreement on goods circulation and industrial cooperation on an inter-related basis which was signed on December 9, 1994 in Ashgabat.

Specialists think this will partially resolve the debt problem between the enterprises of these states, since supplies will be traded on a clearing basis. Armenian Industry Minister, Ashot Safarian, who opened the session, noted the importance and timely character of integration processes between the CIS countries. He informed that Armenia has already signed its bilateral agreements with Russia and Belarus, and that the same agreements would be signed tomorrow with Ukraine and Moldova.

Prime-Minister Grant Bagratyan presented a report about the privatization processes and economic restructuring in Armenia which are highly valued.

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Four-month reports were presented by heads of participating delegations. Tomorrow, on the final day of Council meeting, the guests will attend the 'Hrazdanmach' Business Center, 'Mars' State Plant, and Yerevan Brandy Plant, as well as take part in the sightseeing tour to St. Echmiatsin, the center of Armenian Apostolic Church.

German Economy Minister Reveals Loans, Aid

NC2605034095 Yerevan SNARK in English 1409 GMT 25 May 95

[FBIS Transcribed Text] Yerevan, May 25 (SNARK) — Federal Economy Minister of Germany Karl Dieter Spranger stated in Yerevan that Germany will allot a 13 million DM credit to develop private business in Armenia. The credit is given for 40 years at 0.75 percent annually. The repayment will start in 12 years after extending the credit.

As humanitarian aid, Armenia will receive 5 million DM for financial cooperation and 1.8 million DM to establish a fund for students and research.

Armenian Economy Minister Armen Yeghiazarian informed SNARK that German investments in the Armenian economy will total approximately 22 million DM in 1995. Moreover, the Minister does not exclude the participation of private German investors, since a large delegation of German businessman led by the head of the Eastern Europe and CIS Department are visiting Armenia next month.

According to the Minister, Germany ranks second after the U.S. in sending technical and humanitarian assistance to Armenia.

Financial Agreement Signed

NC2605065295 Yerevan Armenia's Radio First Program Network in Armenian 1900 GMT 25 May 95

[FBIS Translated Text] An agreement was signed today at the Yerevan Guest House between the governments of Armenia and Germany. Here is a report by Gima Petrosyan.

[Begin recording] [Petrosyan] The agreements were signed by Karl Dieter Spranger, economic cooperation minister of the German Federal Republic, and Armenian Economy Minister Armen Yeghiazaryan. The first agreement concerns the setting up of a fund for research and specialists, and the second one financial cooperation, which is dubbed Special Program for the Refugees.

German Ambassador Norbert Heinze [title as received] was present at the signing ceremony.

A news conference was held after the ceremony.

[Spranger speaking in German with paraphrased Armenian translation] This is my first visit to Armenia, during which I held formal talks with the Republic's leaders, said the German minister. Touching on the aim of the financial agreement, Mr. Spranger noted: I want to consolidate and broaden the bilateral ties and hold talks on economic development. The German Federal Republic will help Armenia in every way to enable it to surmount the current difficulties and problems, he said. I welcome the reforms undertaken by the government in your country. The German people will help these reforms through cooperation.

Asked about his impressions of Armenia, Mr. Spranger said: It is a beautiful country, the people are pleasant, the country has an ancient culture and history. Armenia is a country wanting to march into new times with new structures and we will help in this endeavor.

Armenian Economy Minister Armen Yeghiazaryan also spoke at the news conference.

[Yeghiazaryan] I want to personally thank Mr. Spranger and I hope that the cooperation that has been launched as a result of this visit will continue in the future. [Words indistinct] [end recording]

Azerbaijan

President Clinton's Letter to Aliyev Read on TV

NC2605083095 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1600 GMT 25 May 95

[U.S. President Bill Clinton's message to Azerbaijani President Geydar Aliyev—read by announcer]

[FBIS Translated Text] White House, Washington, 21 May 1995 to His Excellency Mr. Geydar Aliyev, president of the Republic of Azerbaijan, Baku City.

Esteemed Mr. President, I wholeheartedly congratulate you and the entire Azerbaijani people on the occasion of the Azerbaijan's state independence day to be commemorated on 28 May. This period of more than 75 years has been the symbol of the Azerbaijani people's determination to establish their independent and sovereign state.

The United States of America continues to support Azerbaijan's territorial integrity and independence. We will broaden the cooperation between Azerbaijan and the United States through improving our wide-ranging relations. Furthermore, we will continue to contribute to your efforts to establish a sovereign state, which will flourish forever.

Today I want to touch on three issues: Supporting the establishment of a durable peace, exploiting the oilfields

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in the Caspian Sea, and achieving progress in the effort that is being made to implement market reforms and hold democratic elections.

The attainment of a durable peace is fundamental to Azerbaijan's security and stability. I continue to be deeply concerned about the bloody dispute over Nagorno-Karabakh. Despite the cease-fire that has been in effect for more than one year, it still remains fragile. The positive and unilateral steps taken by both sides recently is to be appreciated. Nevertheless, much remains to be done to forge confidence between the sides. There is a need for a more wide- ranging dialogue and practical cooperation for the political resolution of the conflict between Armenia and Azerbaijan. For example, progress on opening land corridors between Turkey, Armenia, and Azerbaijan could bolster the dialogue and cooperation between your peoples. Such a step would create mutual trust between the sides. The United States will support the OSCE's efforts to achieve peace through talks and to enhance the resolution of the conflict by means of the multinational peacekeeping forces.

We regard the successful exploitation of the oilfields in the Caspian Sea as unavoidable. This is the key to turning Azerbaijan into a fully sovereign and flourishing state. Azerbaijan, which is attracting the United States' multibillion dollar commercial interests, is a new important source that would meet the energy needs of the entire world in the 21st century.

To help the exploitation and export of the oil and gas reserves of the Caspian Sea, the United States will work actively with Azerbaijan, other regional states, international financial organizations, and private firms. The initial export of oil to the West in the coming few months in a reliable and financially profitable way will be of enormous importance. This will form the foundation for the construction and financing of the multiple pipelines to be laid in the region, including the pipeline to be laid from the Caucasus to Turkey. At the same time, we will support the Caspian states' efforts to sign an agreement on the division of the Caspian. This agreement should conform to the international standards and should ensure the speedy and ecologically safe exploitation and export of the Caspian oil.

The application of a strong democratic experience and the establishment of an economy based on market relations is the third fundamental element for the future development and stability of Azerbaijan.

I have been following with concern the domestic political chaos enveloping Azerbaijan like plague since 1992. As we have already discussed between us, political stability in Azerbaijan could be created only on the basis of pluralism and democratic institutions. I urge you not to spare any effort in enabling all the existing political parties in Azerbaijan to hold meetings and use media organs during the run up period for the parliamentary election planned for autumn.

I want to assure you that the United States is ready to help Azerbaijan to ensure the holding of free and fair elections.

I am hoping to meet you and continue the dialogue between us. In the name of the American people, I wish a jubilant national anniversary and a durable peace and progress for the Azerbaijani people in the future.

Respectfully, Bill Clinton.

State Adviser Refers to Clinton Letter

NC2505212295 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1600 GMT 25 May 95

[FBIS Translated Text] Vafa Gulizade, state adviser on foreign policy, has held a news conference at the president's office. Menzere Sadikova reports.

[Sadikova] It is known by all that the cease-fire that has existed for more than one year now has created a certain basis for the resolution of Armenia-Azerbaijan conflict. And that hope has increased within the international organizations, primarily in the OSCE Minsk group, concerning the peaceful resolution of this conflict. However, the Armenian Government's latest statement, its unfounded allegations against the Azerbaijani Government in connection with the bombing of the gas pipeline crossing Georgia, and its decision to suspend its participation in the OSCE Minsk group talks clearly shows that Armenia is in no hurry to attain peace and is not interested in ending the conflict.

In commenting on the issue, State Adviser Vafa Gulizade noted that Armenia's actions in fact aims at obstructing the OSCE's work. This coincides with Russia's positions, because Russia wants to keep the key to the Karabakh problem in its own hands alone. In this regard, the Armenian and Russian positions coincide. In the present situation, Armenia might even violate the cease-fire at any moment.

In briefing the reporters on the United States President Bill Clinton's letter to Azerbaijani President Geydar Aliyev, Vafa Gulizade specifically noted the three fundamental elements in the letter. The letter shows that the United States fully supports Azerbaijan's independence and territorial integrity, that the U.S. Government intends to develop oil business contacts with Azerbaijan, that the West has a strategic interest in Azerbaijan,

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and that this interest will help in the forging of a democratic state in our country and in making the upcoming parliamentary elections democratic.

When replying to reporters' questions on international politics, relations with our close neighbors, and on oil contract, Vafa Gulizade announced that a number of Minsk group countries have reacted negatively to Armenia's latest moves and are getting ready to issue statements.

Armenia, Russia Accused of Sabotaging OSCE Effort

NC2605033095 Baku TURAN in English
1138 GMT 25 May 95

[FBIS Transcribed Text] Baku (May 25) TURAN — "The statement of Armenian Foreign Ministry on suspension of its activity in the OSCE Minsk Group means that Yerevan's and Moscow's policies coincide. This policy is aimed at breaking of implementation of the OSCE Budapest summit resolutions and negotiations within the framework of the Minsk process", the State Advisor for Foreign Affairs, Vafa Gulizade, said during today's press-conference in Baku. "I think this step of Yerevan will be approved by Moscow, since Russia does not wish implementation of the Budapest summit resolutions and it is not interested in advancement of the Minsk process," he mentioned.

"Azerbaijan's Foreign Ministry issued the statement to the UNSC and OSCE and attracted attention of these international organisation to the activities of Armenia aimed at breaking of the Minsk process", the state advisor said.

Touching upon the scheduled visit of [Russian presidential representative and cochairman of the OSCE Minsk Group] Vladimir Kazimirov to Baku on May 28, Gulizade mentioned that this time he wishes Kazimirov brought with himself real proposals earlier co-ordinated with the Armenian side. "All previous visits of Vladimir Kazimirov to Baku were unsuccessful and did not bring any result in the peace talks", he mentioned.

Asked how he takes the second anniversary of withdrawal of Russian troops from Azerbaijan, the State Advisor said: "It is the great achievement. The withdrawal of troops strengthened the international image of Azerbaijan as independent state and strengthened its sovereignty".

Gulizade said that during the CIS summit on May 26 in Minsk the issue on collective security system of the CIS-member states will be discussed. He said that Azerbaijan thinks it is an absurd to discuss the issue on protection of the CIS external borders and it will not agree with deployment of any foreign troops along its borders.

Ministry Issues Statement on Dropping Out of Talks

NC2605032595 Baku TURAN in English
1023 GMT 25 May 95

[FBIS Transcribed Text] Baku (May 25) TURAN — On May 24 Azerbaijan's Foreign Ministry issued the statement due to resolution of the Republic of Armenia on suspension of its participation in the OSCE Minsk Group talks on settlement of the Armenian-Azerbaijani conflict. As was earlier reported, Yerevan motivated its resolution with explosion of the gas pipeline in Georgia, through which the gas is transported to Armenia. Moreover, Armenia accused Azerbaijan of involvement in this diversion.

"The statement of Armenian Foreign Ministry is another link in the chain of provocations aimed at breaking of the cease-fire regime and preparation of the public opinion to possible resumption of large-scale military activities of the Armenian troops on the territory of Azerbaijan", the statement reads.

Azerbaijan's Foreign Ministry considers that the Government of Armenia rejects the international peacemakership and implementation of the OSCE Budapest summit resolutions and attempts to strengthen the results of its aggression towards Azerbaijan. In the light of the last statement of Armenian Foreign Ministry, Baku expressed surprise with the fact that in response to Azerbaijan's proposals on working up of the Major Political Agreement on the talks under the aegis of the OSCE Minsk Group, the Armenian delegation does not agree with introduction of special article on inadmissibility of terrorist and diversion activity in this agreement. This evident inconsistency makes us to think that the leadership of the Republic of Armenia tries to use any cause for breaking of the Minsk negotiation process.

Interview With Foreign Policy Adviser

LD2505175995 Moscow INTERFAX in English
1513 GMT 25 May 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, and edited by Vladimir Shishlin]

[FBIS Transcribed Text] Azeri state foreign-policy adviser, Vafa Guluzade, voiced hope that Armenia will take part in another round of talks on Karabakh within the OSCE framework which is scheduled for June 15 in Helsinki.

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In an interview for journalists in Baku he said that Armenia's decision to suspend participation in the talks was "spontaneous and taken in the heat of the moment". At the same time, Guluzade did not rule out that "more influential forces than Armenia and Karabakh may stay behind it".

IF Note: Armenia said it would suspend its participation in the talks in the Minsk OSCE Group in the evening of May 22, linking the decision with the explosion of the gas pipeline in the Marneulskiy District of Georgia last Sunday. Accusing of the diversion "agents of the Azeri government", Yerevan said that it would not resume participation in the talks until the OSCE and the world community provide guarantees that Azerbaijan will stop "grave violations of the truce and international acts of terrorism".

Guluzade denied Azerbaijan's complicity to the explosion. "It took place on the territory of a third country and Azerbaijan has nothing in common with it, like with previous explosions of gas pipelines on the territory of Georgia," he said.

Azeri Foreign Minister Gasan Gasanov in an interview with INTERFAX on Thursday said that at the Minsk CIS summit of May 26, Azerbaijan intends to draw the attention of the CIS leaders "to Armenia's refusal to take part in the peaceful settlement of the Armenian-Azeri conflict".

"The CIS leaders should know that in the person of Armenia they deal with the unreliable and insincere political system and insincere politicians," he said.

According to the Minister, the Azeri delegation will inform the participants in the meeting that "Armenia under deliberate pretexts intends to leave the Minsk process for the settlement of the Armenian-Azeri conflict".

Baku Plans for Forthcoming CIS Summit

LD2505183995 Moscow INTERFAX in English 1802 GMT 25 May 95

[From the "Diplomatic Panorama" feature: reports by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov and others]

[FBIS Transcribed Text] BAKU, May 25 (Interfax) — Azerbaijan at the forthcoming CIS summit in Minsk intends to draw the attention of CIS heads of state to "Armenia's refusal to participate in the peace process for resolving the Armenian-Azerbaijani conflict," Gasan Gasanov, Azerbaijan's foreign minister told INTERFAX on Thursday [25 May].

"CIS heads of state must know that in Armenia there are unreliable and insincere political systems and politicians," Gasanov said.

Gasanov said that the Azerbaijani delegation would inform the participants of the meeting that "Armenia on far-fetched pretexts intends to walk out of the Minsk process on settling the Armenian-Azerbaijani conflict."

International 'Caspian Oil, Gas' Exhibition Ends

LD2605083195 Moscow ITAR-TASS in English 0813 GMT 26 May 95

[By Savinzh Abdulayeva and Viktor Shulman]

[FBIS Transcribed Text] BAKU, May 26 (Itar-Tass) — The international "Caspian Oil and Gas" exhibition ended here today. Taking part in it were 165 foreign oil-extracting, refining, and transporting companies. They have displayed here many latest technologies and unique equipment. The scope of the exhibition is explained by the facts that many of its participants are eager to partake of the Azeri "petroleum pie". Such an opportunity turned up when work was started on an oil contract, envisaging the joint development of three deposits in the Azeri sector of the Caspian Sea, which the Azeri State Petroleum Company had signed last year with an international consortium. This agreement is expected to yield the parties to it, irrespective of inflation, almost 100 billion U.S. dollars. More than 500 million tonnes of petroleum are expected to be extracted there in the coming thirty years.

Hence, it is by no means surprising that the main result of the exhibition, in the opinion of its sponsors, was the decision of several leading world companies to open their branch offices in Baku. They include the American "Mobil Oil", for instance. ITAR-TASS has learned from trustworthy sources that its representatives have already had preliminary talks with leaders of the republican petroleum company and had met President Geydar Aliyev. According to these sources, the talks focused on the joint development of the "Shakhdeniz" offshore deposit. According to some estimates this pool contains huge reserves of natural gas, which is badly needed by the republic. The plan of the Azeri government is to set up the country's first international gas consortium on the basis of this deposit. "If this project is implemented," ITAR-TASS was told by Azeri Vice-Premier and Minister for Economy Samad Sadykhov, whose department is now working on long-term programmes, "Azerbaijan will be turned from an importer into an exporter of natural gas within the next few years."

President of the "Lukoil" Petroleum Company Vagit Alikperov submitted the Russian plan for transporting

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oil from the contracted areas of Azerbaijan to the West. It envisages the use of oil pipelines existing on the territory of Russia, and the connection of the Azeri line to them. The head of the "Lukoil" Company, which is a party to the oil contract, said that only 16-20 million U.S. dollars would be required for this project, while estimates show that the other versions are much more expensive. Moreover, Alikperov believes it is not necessary at all to transport the Azeri petroleum through the Bosphorus and the Dardanelles, to which Turkey objects. It is much more profitable to supply the "black gold" directly to the heart of Europe, for instance, to Germany, which is reached by the Russian pipelines.

Turkey also has its version of a pipeline for exporting Azeri petroleum. It is interested in having this "gold vein" on its territory. It is not ruled out that an oil pipeline will be extended to Turkey via Armenia when the Armenian-Azeri conflict is settled. A version is also being studied to pump oil, primarily the initial lots, across the territory of Georgia, to its Black Sea port of Poti.

It is believed in Baku that the recent heightened interest in Azerbaijan is linked with the new realities in the republic, where a ceasefire is continuing for more than one year in the Armenian-Azeri conflict zone thanks to the mediation of Russia and the Organisation for Security and Cooperation in Europe (OSCE). This has contributed to political stability in the republic. In light of this, experts believe that Azerbaijan is heading towards a new oil boom. The potential oil reserves are estimated at 4-5 billion tonnes on the republic's offshore fields alone.

Guliyev Views State of Economy

954F2309A Baku AZERBAYDZHAN in Russian 7 May 95 p 2

[E. Suleyman, F. Arifoglu report: "Foreign Credit Is No Panacea"]

[FBIS Translated Text] Last Tuesday parliament confirmed the nomination of acting Prime Minister Fuad Guliyev for the office of head of the government. F. Guliyev outlined in his speech the main directions of the economic program, specifying that overall policy is determined by the president and that the cabinet, as the executive structure, shapes its ingredients. F. Guliyev termed the cabinet's main priorities the reform of agriculture, the attraction of investments into the economy, and privatization.

As the head of the government observed, transformations in the sphere of agriculture are beginning on the basis of the two fundamental laws adopted recently by parliament. The State Committee for Agrarian Reform has set to work, and commissions locally are being created.

Speaking of privatization, F. Guliyev announced that the government was completing work on the draft state program, which would be presented to parliament in mid-May.

As F. Guliyev declared, the government has obtained European Union credit totaling $50 million in the form of food products. The funds from the sale of these will be channeled into the social protection of the handicapped, needy families, and students.

He also announced that agreement was reached in the course of G. Aliyev's visit to Brussels on the allocation of EU credit for four programs.

In addition, $46 million have already been obtained from the IMF. The Fund will make available approximately the same amount of credit in August-September of the current year. And a further $70 million will, possibly, be allocated at the end of the year as rehabilitation credit.

It is also contemplated obtaining financial assistance in the amount of $180 million from the European Bank for Reconstruction and Development, $80 million of which have already been channeled into the project for the reconstruction of the Yenikend Hydropower Plant. Negotiations are under way at the present time with the Islamic Development Bank on the allocation of $120-150 million in credit for six projects. Fuad Guliyev announced that prospects of joining the Asian Bank, which would make it possible to obtain $60-70 million, are being considered. The head of the government emphasized that all the loans are soft: They are being granted for 35 years at an annual 0.75 percent, with repayment starting in 10 years' time.

The head of the government expressed an intention to use some of the credit ($100 million) to cover the budget deficit.

He also announced that international financial structures are considering the possibility of the allocation of credit for a plan for the return of refugees and the creation of an infrastructure in the places where they reside. According to him, there are to the cabinet's credit programs for a reform of education and the law enforcement authorities.

Describing the economic situation, F. Guliyev observed that indicators were falling. The situation is made worse by the fact that a process of "departure" from traditional sales markets is taking place. "This process began in 1992," he noted.

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The agreement that has been reached on the opening of a rail link with Russia on 12 May is a promising factor.

Summing up, the head of the government observed that a curbing of the decline in economic indicators would be an achievement.

Expressing his attitude toward the speech of the new head of the cabinet, parliament leader Rasul Guliyev declared that the significance of foreign financial assistance should not be exaggerated. "Such assistance may improve the situation 10 percent;" he said.

The speaker commented skeptically on the government's financial policy, announcing that covering the budget deficit by foreign credit would be inexpedient. R. Guliyev observed that the current economic position is creating a situation wherein recourse should be had to nonstandard solutions. In his opinion, it is necessary to reorganize the system of control of the economy, having reduced the number of ministries and departments to 15 or 16.

In the course of the session Deputy Kh. Kerimli called attention to two problems. He proposed a reduction in air fares to Nakhchyvan, considering that only air traffic links mainland Azerbaijan with the blockaded autonomy. Kh. Kerimli also proposed a lowering of the age requirement for those traveling overseas from 45 to draft age. This measure was introduced formerly to combat instances of avoidance of military service. But now, the deputy believes, it has become a source of personal gain. Actions are particularly arbitrary, according to Kh. Kerimli, at Bina Airport.

Having expressed solidarity with the speaker, R. Guliyev proposed that the Ministry of Defense reconsider its decision.

Considering organizational matters, parliament confirmed as head of the Credentials and Ethics Commission Tapdyg Kamalov and co-opted Inglab Nadirov onto this commission.

The National Assembly adopted a law on revisions to the law of the Azerbaijan Republic "Veterans" and to other legislative instruments.

Amendments were adopted also to certain military legislative instruments and also to the law "Taxes on Profits and Certain Types of Income of Legal Entities in the Azerbaijan Republic." According to Article 12 of this law, the same privileges as have been enjoyed by legal entities created with the participation of foreign capital, joint ventures, that is, now extend to foreign legal entities.

At this same session parliament adopted a decree on the affiliation of the Azerbaijan Republic to the Eurasian Patents Convention.

Guliyev Statements on Economy Evaluated

954F2309B Baku ZERKALO in Russian 6 May 95 No 17, p 2

[Article by A. Babakhanova: "Fuad Guliyev: 'Economic Policy Is Determined by the President'"]

[FBIS Translated Text] The speaker makes a strict analysis of the economic situation in the republic, declaring that the economy is totally paralyzed, but refutes here the claim of an opposition representative that he has switched to their side.

The first half of the parliamentary day on 2 May was devoted fully to approval of the presidential edict on the appointment of F. Guliyev to the office of prime minister of the republic, whose functions he has, in fact, been discharging since the removal of S. Guseynov.

Answering deputies' questions, F. Guliyev declared that the Cabinet of Ministers is the executive arm of economic policy, which is determined by the president, and outlined the main ingredients of this policy: first, reforms in agriculture; second, the program of privatization, which, the prime minister claimed, will be presented for consideration by parliament by mid-May and which is currently undergoing the expert evaluation of international financial and economic institutions; third, the attraction of foreign investments.

It was clear from the prime minister's speech that the government intends to resolve all its problems—the covering of the budget deficit, which is to be, it is forecast, within the $100 million range; the curbing of inflation; social support for the needy strata of the populace (according even to officials, they constitute 90 percent of the country's population); replenishment of enterprise working assets; and so forth—thanks to foreign credit, which Azerbaijan intends to obtain or has already obtained.

Responding to a question as to why, in accordance with the law on indexation of personal income, the government is not revising the level of the minimum wage, the prime minister said the following: "Since the IMF is demanding that we not touch the level of the minimum wage, we shall compensate the difference by other methods. For example, Azerbaijan will obtain $50 million of food from the European Union. And the funds from its sale will be spent on social support for the needy strata of society: the handicapped, students, and low-income families."

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The prime minister did not reassure the members of parliament with the possibility of immediate positive changes in the country's economic and social policy. F. Guliyev declared that it was essential if only to hold on to this level, for there is no one to whom to sell even the products that the republic is manufacturing, since Russia's enterprises, which were the main purchasers of our products, have huge debts.

The impression is, meanwhile, that the government wants to remain afloat only thanks to foreign credit, for which not only we but our children also will have to pay.

The speech of parliamentary speaker R. Guliyev was received with great interest. It is not surprising that it pleased the opposition inasmuch as it amounted to the following: the economy has been totally paralyzed, primarily because the republic has lost markets, and this has been the result of incorrect official policy. Today, in the speaker's opinion, the main task is to acquire markets and to become more quickly a part of market relations.

R. Guliyev believes that there are too many ministries and committees in Azerbaijan, which are creating confusion, and there is no need at all for the reassignment managerial system. Only 15 or 16 ministries are needed by such a country as Azerbaijan, according to R. Guliyev. All the government's anti-inflation measures are of a temporary nature and will, essentially, hardly do anything: As soon as the foreign currency allocated for support of the value of the manat (foreign credit, that is) runs out, there will be an explosion, there will be a manifold jump in prices, and the rate of the manat will decline sharply.

In R. Guliyev's opinion, we should not be proud that we are obtaining humanitarian assistance. The republic is obtaining $60-70 million of it annually, but owing to the muddle and lax management, the country loses 1.5-2 times as much annually. Unless there is a change in the situation within the country, no assistance from overseas will help.

The speaker believes that the country's economy cannot be made dependent on oil production since this could lead not only to financial but also political dependence, when other countries dictate their terms to us.

R. Guliyev listed the branches of the economy for which the government has no specific program. Almost all branches are on this list. E. Mamedov asked him to name the branches for which there is a program. But the question was rhetorical.

Following R. Guliyev's speech, the opposition, to which it seemed that it had unexpectedly acquired an ally in the person of the speaker, came to life. Such things as "....even representatives of the opposition do not criticize the government like this" and "let's discuss the situation and adopt an appropriate decision" were heard, to which R. Guliyev responded as follows: "First, I was not criticizing, I was making an analysis of the economic situation, second, I am not a member of the opposition, otherwise I would not be sitting in the chair of speaker of parliament, and, finally, nothing needs to be discussed since there is a separation of powers, and the economy is in the hands of the executive."

The session of the National Assembly on 5 May was canceled in view of the fact that a delegation of the CIS International Parliamentary Assembly headed by V. Gustov, chairman of the Committee for CIS Affairs of the Federation Council of the Federal Assembly of Russia, had arrived. The purpose of the visit of the delegation, which included V. Kazimirov, special representative of the president of Russia for Nagornyy Karabakh, and deputies of the parliaments of Russia, Belarus, and Moldova and also other representatives of the Council of the International Parliamentary Assembly, is to discuss problems and a settlement of the Karabakh conflict and also to strengthen interparliamentary cooperation with the Azerbaijan Parliament.

Political Party Actions Evaluated

954F2327A Baku ZERKALO in Russian 13 May 95 No 18, p 3

[Article by N. Aliyev: "Preelection Fever? Political Parties Begin Active Preparation for the Election Campaign"]

[FBIS Translated Text] Less than a half-year remains until elections to the republic parliament. Naturally this is Topic No. 1 for virtually every political force in the republic. Political parties are entering into a variety of blocs as they intensify preparations for the election campaign. In just the past two-three weeks we received information on the establishment of two such blocs: the powerful pro-government organization Democratic Azerbaijan, and left-centrist bloc provisionally known as Azerbaijan (the Azerbaijan Labor Party and Social-Democratic Party of Azerbaijan). The democratic opposition has its organization as well—Democratic Congress, and there exists a "roundtable" of political parties.

The Communist Party of Azerbaijan [CPA] is also preparing for the elections, but in contrast to other political organizations, the CPA has not joined any bloc and is preparing independently for the elections. If one were to judge from the utterances of leaders of the communist movement, however, this will be entirely sufficient to secure their victory. "The preconditions

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for our success in the elections have presently been created in the republic, and we are counting on 70 percent of the seats in parliament. Current membership of the CPA numbers about 90,000, and party ranks are growing. Whereas previously the ideas of the CPA were supported mainly by workers, today many representatives of the intelligentsia are joining the Communist Party," CPA leaders emphasize.

It is a difficult point to argue. Indeed, a significant portion of the populace is supporting the Communists. But in our view, one must not underestimate the capability of forces supporting the president. The leaders of parties in opposition to the government are also expressing this view. Discussing the possible disposition of forces in the future parliament, for example, Azerbaijan Labor Party Chairman S. Gadzhiyev did not rule out the prospect of presidential forces securing a victory under present-day reality. "And the opposition will have to limit itself to representing the minority in the country's legislative organ." Naturally this confidence is shared by the representatives of presidential forces, the New Azerbaijan Party, for example, one of whose leaders recently stated that "the parties that will emerge victorious in the upcoming parliamentary elections will be those that support the policy of the republic president, aimed at strengthening Azerbaijan's statehood."

It has become quite fashionable in recent times to cite the results of sociological surveys in making one or another assertion. One latest example of this can be seen in statements by Isa Gambar, leader of the Musavat Party, who recently declared that "according to data from our party's sociological service, we have a chance of being victorious in practically every region of the country, including in the Nakhichevan Autonomous Republic." Virtually the same assertion was made by Musavat Party secretary A. Gadzhiyev, who added that Musavat advocated the conduct of parliamentary elections based on the Law on Elections which was drawn up during the tenure of President Abdulfaz Elchibey.

Another interesting fact—representatives of the democratic opposition issuing statements in the mass media assert that the draft Law on Elections elaborated by the republic leadership provides for the establishment of a two-chamber parliament. In this regard, the upper chamber would have greater powers than the lower chamber. Many people still recall the debate that took place at the end of last year when Rasul Guliyev, speaker of parliament, first advanced this idea. Virtually all political forces were against it at that time, including leaders of the "presidential" party—New Azerbaijan.

"We support a single-chamber parliament and elections of its members based on the mixed system. One-tenth of the deputies must be elected using the proportional system through party slates. In our view, this proportion is explained by the fact that the parties functioning today represent no more than 10 percent of potential voters. The remaining portion of the populace is not connected with any party. In addition, existing political parties do not represent the entire political spectrum of the country. Conduct of the elections not only by party slates, but by the majority system as well, will permit us to ensure that all potential candidates for deputy take part in the elections," one New Azerbaijan Party leader stated.

At the same time, the Azerbaijan National Independence Party has drawn up its own draft law on parliamentary elections, which it intends to submit to the Milli Mejlis in the very near future. This draft law proposes that a parliament of 120 deputies be elected for a term of five years according to the proportional representation system. It is proposed here that the future parliamentarians be elected from a single, nationwide electoral district which encompasses the entirety of republic territory.

In addition to the legal, registered parties, prohibited parties have also intensified their activity—the Party of Equality of Peoples of Azerbaijan, for example, which was banned in the fall of 1993. Though it is clear, of course, that the Party of Equality of Peoples of Azerbaijan has practically no chance of either emerging victorious in the coming elections or even of participating in them.

From all appearances, over the next month-and-a-half to two months, prior to the parliament's adoption of the Law on Elections, politicians will be pursuing an all-out effort in the debates as to what kind of legislative organ the republic should have.

National Bank Actions on Currency Studied

954F2327B Baku ZERKALO in Russian 13 May 95 No 18, p 2

[Article by G. Kozlova: "Sale Volume of Russian Rubles Greater by a Factor of 126"]

[FBIS Translated Text] Just one trading session was conducted this week on the Baku Interbank Currency Exchange. The exchange rate of the dollar increased by two manat. Volume of sales increased by 767,000 as compared with the previous trading session, amounting to $2,590,000. A record number of banks participated in the trading session—32 of the 49 member banks of the Baku Interbank Currency Exchange.

The expected start-up of transportation activity on the North Caucasus Railroad on 12 May is explained by

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the increased sales volume of the Russian ruble—126 times greater than the previous session. The exchange rate remained the same as before, however—649 manat per 1,000 rubles.

The practice that has come to take shape enables us to attribute the following to National Bank tactics: raising the manat exchange rate the traditional two points per week, a halt to increases prior to holidays, at the end of the quarter—a certain subsidence at the exchange, followed by intensive growth. The National Bank will always take measures to prevent sharp fluctuations in the exchange rate of the manat in either direction, even despite the fact that in the opinion of certain participants, trading sessions at the Baku Interbank Currency Exchange are acquiring "an ugly form of distribution."

Georgia

Shevardnadze Departs for Minsk CIS Summit

LD2605100795 Tbilisi IPRINDA in Russian 0930 GMT 26 May 95

[FBIS Translated Text] Tbilisi (IPRINDA) — In the early hours of today, Head of State Eduard Shevardnadze left for Minsk to participate in the session of the leaders of the CIS states. Shevardnadze is accompanied by Georgian Prime Minister Otar Patsatsia and Foreign Minister Aleksandre Chikvaidze.

Shevardnadze, Hungarian Ambassador Discuss Cooperation

LD2505134195 Tbilisi Radio Tbilisi Network in Georgian 1200 GMT 25 May 95

[FBIS Translated Text] Eduard Shevardnadze, chairman of the Georgian parliament and head of state, received Gyorgy Nanovsky, Hungarian ambassador extraordinary and plenipotentiary to Georgia, today. The ambassador said that he is in Georgia to attend the festivities marking Georgia's national day.

During his visit he will hold a business meeting with members of the Georgian Government, which will create a basis for cooperation between the two countries. In particular, Hungary intends to set up a joint venture with the Kutaisi vehicle assembly factory and to establish contacts in the sphere of pharmaceutic production. The guest inquired what concrete assistance Hungary, as chairman of the OSCE, can provide for Georgia.

Eduard Shevardnadze spoke about the current political and economic situation in Georgia. He expressed hope that the process of settling the Abkhazian conflict with Russia's active mediation will soon materialize. Eduard Shevardnadze also said that the process of economic stabilizaton is under way in Georgia.

Eduard Shevardnadze welcomed the ambassador's remarks on cooperation and said that it is advisable to set up business relations in the spheres of transportation, light industry, culture, and education. It was indicated during the meeting that Georgia actively cooperates with the European Union and the European Bank. Specific projects are now being considered.

In conclusion, Nanovsky invited Eduard Shevardnadze to attend the festivities marking the 1,100th anniversary of the Hungarian state which are to be held next year.

Germany To Loan DM20 Million To Purchase Fuel

LD2505174195 Tbilisi IBERIA in Georgian 1140 GMT 25 May 95

[FBIS Translated Text] Tbilisi, 25 May — Georgian and German experts working jointly on ways to overcome the energy crisis in Georgia have come to a conclusion that 300,000 tonnes of fuel oil and up to 500 million cubic meters of natural gas are required to lead Georgia out of the crisis. Because Georgia cannot afford purchasing the above-mentioned fuel, Germany will allot a purpose loan of 20 million German marks [DM].

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Estonia

Reportage on Ukrainian President's Visit

Riigikogu Speaker Meets Kuchma

LD2505124395 Tallinn Radio Tallinn Network in Estonian 0900 GMT 25 May 95

[FBIS Translated Excerpt] We begin our program from Toompea [the seat of parliament], where our parliamentary reporter is interviewing the Riigikogu speaker.

[Paal] Riigikogu Speaker Toomas Savi has just returned to this hall from the meeting with Leonid Kuchma, the president of the Republic of Ukraine. Before that, Kuchma visited this hall of the Riigikogu and the members of our Riigikogu greeted him with a standing ovation. Toomas Savi, what did you discuss with Leonid Kuchma, the president of the Republic of Ukraine?

[Savi] I would start from the fact that first, I briefed the president of the Republic of Ukraine about the elections of our new parliament and its results, and about the current situation of political groupings in our parliament.

This was followed by questions from the Ukrainian president. He began with a rather rhetorical question, asking whether Estonia is a republic of parliamentary democracy or it is a presidential one. Our discussion was, of course, resolved by the Constitution, which we quoted.

Then the Ukrainian president was interested in how productive the work of our parliament was and how disciplined the parliament was at its work. I would say that, after he heard the answers, he made a quite interesting suggestion that the Ukrainian Verhovna Rada [parliament], instead of studying the experience of parliamentary work in countries with developed parliamentary democracy and traditions, could come here and find out how the parliamentary work has been organized in Estonia. He noted that this should be done because it will form some analogy and a similar starting point for the countries that have become free from the former Soviet Union, and will be a good thing to do.

So we agreed in principle that this will be a so-called preliminary agreement on future cooperation between our parliaments.

The president was also interested about success of the Communist Party at the elections locally, and he, no doubt, received a full answer.

Possibly the most important issue emerging in our dispute was that the two republics could develop economic and trade relations between them, especially as the Riigikogu has ratified the [Estonian-Ukrainian] free trade agreement, and the president of our republic has signed it. [passage omitted]

[Paal] So you think that in the future we will have warm relations with Ukraine, or warmer relations than we have now?

[Savi] I am absolutely sure about this. [passage omitted]

Kuchma Asks for Political Support

LD2505134895 Tallinn Radio Tallinn Network in Estonian 1200 GMT 25 May 95

[FBIS Translated Excerpt] The Ukrainian president met Toomas Savi, the speaker of the Riigikogu, and Prime Minister Tiit Vahi today. Piret Kriivan interviewed the prime minister.

[Begin recording] [Kriivan] Mr. Vahi, what is more important about the visit of the Ukrainian president, economic or political cooperation?

[Vahi] The visit of the president of a large state is important for Estonian in all aspects, both politically and economically. It is good to see that, apart from neighboring Latvia and Lithuania, among the newly free countries of the former Soviet Union, Estonia, perhaps, has the next best relations with Ukraine. These relations are also active; there have been several top-level meetings between the states, Ukrainian delegations have visited Estonia and Estonian delegations Ukraine.

There is political support for each other. Now, Ukraine is very interested in Estonia providing support and opening doors for Ukraine in these European organizations where Estonia has already established itself as a member, in the Council of Europe for example. And why not, this will clearly be Estonia's political support for Ukraine.

A free trade agreement was also signed. This free trade agreement, with all its appendixes, adheres to all conditions of agreements Estonia has signed with Finland and the European Union. The agreement will provide opportunities to both Estonia and Ukraine. We know that Russia's trade policy toward Estonia has actually been very discriminatory, therefore, in some ways Ukraine is an alternative for Estonia. [passage omitted] [end recording]

Meri on Trade Accord, 'Problems'

WS2505142195 Kiev URYADOVYY KURYER in Ukrainian 23 May 95 p 2

[Interview with Estonian President Lennart Meri by Oksana Holovko; place and date not given: "I Un-

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derstand Ukraine's Problems" — first paragraph is URYADOVYY KURYER introduction]

[FBIS Translated Text] **His opinions are taken into consideration by the world's influential politicians and businessmen, known and respected by artists, and, what is most important, valued and liked by citizens of the country where he is president. He is Lennart Meri, head of the Estonian Republic. During his 60 odd years, he has seen and experienced much (he was born in a diplomat's family and lived in Germany, France, and the United States); seemingly, he has also learned to accept fragmentariness as a component of historic development. It is said that this always helped him remain an optimist. Our meeting with Meri took place during a visit of a group of Ukrainian journalists to Estonia, at the invitation of the Estonian Foreign Ministry.**

[Holovko] As has become known, on 24-25 May Ukrainian President Leonid Kuchma will pay an official visit to the Republic of Estonia, during which it is planned to sign an agreement on free trade between our states. What is the significance of this document?

[Meri] We have so far thought about trade as cheating buyers in a bazaar, where one side is sure to lose and the other is sure to gain. If this had been done in such a way, Europe would have long ago become another Atlantis at the bottom of the Atlantic Ocean. Trade is like a circulatory system that connects nations more strongly than any political treaties. A wise economic policy should be oriented toward supporting joint ventures. The presence of joint ventures on the territory of our country means that the interests of our citizens are represented there. The interconnection of EU economic interests may be taken as an example. Incidentally, we initialed an agreement in Brussels on 13 April, which stipulates that Estonia will become an associate member of the EU, bypassing an interim period.

Of course, I am not the person to determine what Estonian entrepreneurs have to buy in Ukraine and what they have to sell to your entrepreneurs. However, they will surely be interested in successful cooperation between our states. They will struggle to develop this market and make it permanently operative.

[Holovko] Mr. President, let me congratulate you on the signing of the agreement in Brussels. This news is especially pleasant for us, since Ukraine has also advanced on the difficult path of comprehensive transformations in recent years. There have been presidential and parliamentary elections; as in Estonia, a change is taking place in the government. Kiev is building its relations with other countries with an intention to make its own contribution to global stability and security. What is your opinion about this aspiration on the part of Ukraine?

[Meri] In general, I should not make any assessments, because this may place me, as head of state, in a rather awkward position. I would like to say, however, that I understand Ukraine's problems well. These problems are arising due to that abnormal situation existing in the former empire, where its regions were oriented by Moscow commands toward the fulfillment of very specific defense tasks. Such a view of the world, somewhat simplified, created the system of the military-industrial complex, which meant approximately the same to both Ukraine and Estonia. The only difference was that Estonia was granted the role of an all-USSR pig-breeding farm. One more example: The world's most expensive coal was mined in Ukraine's eastern oblasts, despite the fact that it was more advantageous to buy coal abroad and pay unemployment benefits to Donbass miners. Certain strategies were completely absurd, therefore I would like to emphasize that Ukraine is holding its ground, and is doing this proudly. If Ukraine could resolve its difficult problems today, it might find itself — judging by European standards — among the superpowers.

I understand that your country, in addition to everything else, is very annoyed by the uncertain political situation in its eastern neighbor. (Particularly since it is not quite clear which center makes political decisions today.) I understand that Ukrainian industry is much dependent on supplies of Russian energy resources. Such a situation is being used by certain people as a weapon to achieve quite definite, but not always clean, political goals. In my opinion, the resolution of energy problems is actually a strategic task for independent Ukraine. For this reason, I am very glad that Ukraine is building its first oil terminal on the Black Sea coast, and this construction finds understanding among its southern neighbors. The times of romanticism, as depicted by [Russian painter] Repin on his canvases, are in the past. One has to look for a situation of balance, where some interests would be balanced by another. This should be extremely interesting for you, the Ukrainians, since this strongly resembles a chess match, for which you are well-known. This game may be won, providing you do not make a wrong, fatal move.

[Holovko] Not long ago, a new government was formed in Estonia. Just as the former, this government is very young. Is it difficult to work with young reformers?

[Meri] Yes, because they have never heard of that man Chapayev [Bolshevik commander during the October 1917 Revolution], and I have to learn new anecdotes. Young people have one eminent feature — they are

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able to learn twice as quickly as old people. Time sometimes proves to be the main factor for a state. This is particularly true under the current circumstances of political and economic dynamism.

Despite any changes in power, a state must operate efficiently. A state must be active 24 hours a day. This is approximately like passing the baton in a relay race. The baton, no matter how symbolic, cannot be dropped on the racetrack. Otherwise, a state ceases to exist.

Free Trade Treaty Signed

LD2505191795 Moscow INTERFAX in English 1717 GMT 25 May 95

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] TALLINN, May 25 (INTERFAX) — The Estonian Foreign Ministry does not work on the setting up of a Baltic-Ukrainian economic union, Mari-Ann Kelam, the ministry's press secretary, told INTERFAX Thursday [25 May].

She said, however, that this idea had earlier been discussed in the ministry.

Kelam explained that the emphasis was placed instead on a bilateral free trade treaty which was signed on May 24 by Presidents Lennart Meri of Estonia and Leonid Kuchma of Ukraine. The treaty provides for an unrestricted customs-free exchange of all kinds of goods, including farm produce.

Ukraine is among the 10 largest trading partners of Estonia. Estonia exports to Ukraine foodstuffs and machinery and imports chiefly metals and metal products from there.

Meri Comments on Kuchma Visit, Ties

LD2505222395 Tallinn Radio Tallinn Network in Estonian 1400 GMT 25 May 95

[FBIS Translated Text] [Announcer] Ukrainian President Leonid Kuchma's visit to Estonia is about to end. Here are some details from Piret Kriivan:

[Kriivan] In addition to yesterday's ceremony, when several agreements were signed, significant for both Estonia and Ukraine, presidents Leonid Kuchma and Lennart Meri met for dinner, and also at breakfast this morning. The two presidents emphasized at a news conference today the need to develop the current good relations between the two countries. Here is President Lennart Meri:

[Begin Meri recording] I would like to say that we welcome closer economic links with Ukraine. In our eyes Ukraine is a European great power and a country on whose future stable development depends — also the stable development of Central and Eastern Europe to a large extent. Ukraine is a country of culture, and there have been bonds connecting us over a long period of time. Understandably, we also discussed the problems which regrettably have now come to the fore in Europe, namely, security issues. You are aware of our position: Estonia is making a maximum effort toward integration into Europe. Estonia is making a maximum effort toward bringing our defense capability closer to NATO standards and this way also speeds us coming closer to NATO. We acknowledged with satisfaction Ukraine's position of Ukraine shaping its neutrality into an active neutrality, which means that Ukraine understands its responsibility for stability in Central and Eastern Europe and sees NATO also as a stabilizing factor. I believe that this is yet another reason why our relations with Ukraine may and will develop vigorously.

In all this we see a joint coordinated and designated activity whose aim is to continue the Estonian reform policy, to continue the strengthening of stability in northern Europe and extend its effect toward Ukraine. [end recording]

Prime Minister on Foreign Policy Priorities

LD2505181195 Moscow INTERFAX in English 1513 GMT 25 May 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, and edited by Vladimir Shishlin]

[FBIS Transcribed Text] The Estonian Prime Minister Tiit Vahi has described integration with Europe and the normalization of relations with Russia as his country's foreign policy priorities.

When he met with a group of Russian journalists in Tallinn on Thursday [25 May] he said he believed that the obstacle to bilateral trade and economic relations was not in Estonia, but in Russia.

Prime Minister Vahi pointed to the need for doing away with double taxation in trade and effecting a treaty on free trade with Russia, similar to the one Estonia has concluded with Ukraine.

Vahi said that Russia accounted for a quarter of Estonia's trade turnover, holding third place after Finland and Sweden.

When asked whether Tallinn linked its trade and economic relations with Russia with the solution of border issues, Vahi answered in the negative. Estonia lays claim to about 2,000 square kilometers of Russian land

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in the Pskov and Leningrad regions due to the Tartu Peace Treaty of 1920. "We do not see the solution of these issues in one package," Prime Minister Vahi said.

At the same time he believes that economic cooperation depends on the level of freedom at the border.

About his country's internal problems Prime Minister Vahi said that the economy had been stabilized last year. The gross domestic product had declined insignificantly, by a mere 3 percent, and the annual inflation rate totalled 40-45 percent. He hopes that this year's inflation will reduce by half and an industrial turnaround will begin. "Depression is over", Prime Minister Vahi said.

Latvia

'Clinton-Style' Welcome for Ukraine's Kuchma

MM2505143295 Moscow IZVESTIYA in Russian 25 May 95 p 3

[Report by Irina Litvinova: "Kuchma Given Clinton-Style Reception in Riga"]

[FBIS Translated Text] Riga — Unimaginable traffic jams and strong language from drivers in central Riga informed the population that the latest eminent visitor had arrived in the capital. The press center reported that Ukrainian President Leonid Kuchma was given a Clinton-style reception in Latvia: A splendid reception, tight security measures, a program overflowing with speeches and joint documents.

While the Ukrainian president's wife Lyudmila Kuchma, who was invited by Latvian First Lady Ayne Ulmane [name as transliterated] for an out-of-town promenade, wholeheartedly danced with Raymond Pauls [name as transliterated] to the accompaniment of a popular band, her husband was signing a political declaration and treaty on friendship and cooperation between the two countries. People in Latvia make no secret of the fact that they attach "great importance" to the Ukrainian head of state's visit and President Guntis Ulmanis called it the "main political event of the year." What determines the major importance of the present visit to Latvia, spoiled as it is with visits by kings, chancellors, and presidents?

Both sides constantly stress the significance of reciprocal political support during the reform of their states. What is more, at the last Baltic Assembly tiny Latvia and its two neighbors adopted a special declaration whereby they assumed the mission of "Ukraine's ambassadors," championing its membership of the European Community. The Balts make no secret of the fact that they see Ukraine as a kind of strategic counterbalance to Russia, from which they expect no good. Latvian experts note that rapprochement with Ukraine may also weaken their economic dependence on Russia, for instance as regards deliveries of metal and other raw materials. The Ukrainian market might sell Latvian enterprises' output, which is no longer competitive on the Russian market mainly due to its high prices. Admittedly, first the Ukrainians have to settle their debts to Latvia, which have accumulated over the last few years. A promise was obtained to that effect from Leonid Kuchma.

It is no secret that Ukrainians, robbed of their rights, have hitherto gone not to their native embassy in Riga but to the Russian Embassy. The reason is simple: The Russian diplomatic service has been more active in defending "former Soviet citizens" who have ended up without civil status and various rights. According to Vladimir Chornyy, Ukraine's plenipotentiary representative in Latvia, only 4,000 out of 80,000 Ukrainians have asked for Ukrainian citizenship. Members of the Ukrainian diaspora have repeatedly drawn attention to their difficult position. However, their compatriots' grumbling will hardly overshadow the cooperation that is being established between the two countries. According to Vladimir Chornyy, the popular idea of a Black Sea-Baltic alliance is drawing closer and closer to fruition. It seems that everything possible will be done in order not to hamper the building of a new geopolitical axis. Not for nothing is the head of Ukraine, which is not experiencing the best of times, being given a Clinton-style reception — this is not only paying tribute to protocol but also represents a serious political bid for the future.

Kuchma Urges Closer Ties to NATO

LD2505181695 Moscow INTERFAX in English 1717 GMT 25 May 95

[From the "Diplomatic Panorama" feature; reports by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov and others]

[FBIS Transcribed Text] MOSCOW, May 25 (INTERFAX) — Ukrainian President Leonid Kuchma said that "NATO is now a guarantor of stability in Europe" and voiced the hope that cooperation between Ukraine and this military-political alliance would be intensified. He said this during the talks with Latvian President Guntis Ulmanis in Riga, the Latvian president administration's press service told Interfax today.

Kuchma said that the policy of neutrality, fixed in the Ukrainian Constitution, would not be changed in regard to some of the CIS states joining NATO.

The presidents were unanimous about the fact that the aspiration to accelerate the development of the CIS

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structures, especially in the sphere of security, "gives a reverse effect," the press service said. The Latvian and Ukrainian presidents condemned any attempts to include into the CIS structures the states which didn't want to join the CIS.

During the talks the presidents said that Ukraine and Latvia were equally interested in preventing creation of a new buffer zone between the East and the West. They said that the threats and pressure coming from Russia, "first of all because of the election campaign," strengthened the desire of many states to join stable and reliable military-political alliances to ensure their statehood and development.

Saeima Confirms New Finance Minister

WS2505133295 Tallinn BNS in English 1211 GMT 25 May 95

[FBIS Transcribed Text] Riga, May 25, BNS — The Latvian Saeima (parliament) confirmed Thursday the new finance minister, Indra Samite. During the vote of confidence, 57 deputies voted for, eight abstained and one deputy voted against Samite.

Samite is Latvia's Way faction deputy in the Saeima, and until now she was performing duties of the state minister for foreign resources.

As reported, Prime Minister Maris Gailis approved Wednesday [24 May] resignation of Finance Minister Andris Piebalgs. As Piebalgs' followers were named Samite, economics adviser to the prime minister Eizens Cepurnieks and former Finance Minister Uldis Osis.

The Saeima also expressed confidence to the state property state minister, Dainis Tunsts, who had performed these duties until now but, according to the procedure, had lost the post after Piebalgs' resignation was approved.

Bank of Latvia Grants Credit To Cover Budget Deficit

LD2505183595 Riga Radio Riga Network in Latvian 1600 GMT 25 May 95

[FBIS Translated Text] An hour ago a session of the Board of the Bank of Latvia adopted a resolution to allocate to the government credits worth 20,000,000 lats to finance the budget deficit. The press secretary of the Bank of Latvia, Edzus Vejins, commented on this step by the Bank of Latvia to Latvian Radio as a compromise with the government. The Bank of Latvia is aware how dramatic the situation is in the state budget. This credit will be unique and extraordinary. The government and the bank have agreed that in future such a large budget deficit will not be permitted as that at present — from thirty-five to forty millions of lats. Such a budget deficit was planned only for the end of the year. Inguna Sudraba, deputy secretary of state at the Ministry of Finance, states that at the same time as this sum is received, the prohibition announced today to the state treasury on making payments out of budget accounts will be revoked; this means that wage and pension payments will not be delayed.

Government To Purchase All Shares in Largest Bank

LD2505141195 Moscow INTERFAX in English 1226 GMT 25 May 95

[FBIS Transcribed Text] RIGA, May 25 (FIA-Interfax) — The Latvian government intends to purchase 100 percent of shares in the republic's largest commercial bank, Baltiya, the activity of which was suspended on Monday evening [22 May] by a resolution of the Bank of Latvia.

A joint memorandum of the Cabinet of Ministers and Bank of Latvia signed Wednesday reports that the republic's government "guarantees the safety of the bank's deposits." The document underlines that the Cabinet of Ministers' obligations "will ensure necessary financing at the stage of Baltiya's re-structuring which is estimated in the range of 80 ($154.25 million) to 147 million lati ($281.6 million)."

Representative of the government press service reported to the Financial Information Agency Thursday that the state of the bank's balance would not be made public before the end of the verification carried out by experts of the Bank of Latvia.

According to the source, the government and Baltiya's leadership have agreed to conclude an agreement on a free-of-charge transfer of shares. Chairman of the bank's supervising council Aleksandr Lavent expressed readiness to sign this document on behalf of Baltiya bank. However, the agreement will be signed only after all Baltiya's shareholders express their consent.

Earlier Latvia's Cabinet of Ministers adopted a decision to purchase Baltiya's controlling block of shares amounting to 51 percent. According to the republic's former finance minister Andris Piebalgs, whose resignation the republic's prime minister confirmed on Thursday evening, the deepening of the crisis in Baltiya will sharply worsen the financial situation in the republic. In particular, "the GDP could fall by 10 percent," the minister said.

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